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**THE EFFECTIVENESS OF ECONOMIC  
SANCTIONS: THE CASE OF QATAR**

**Master's Thesis (30 ECTS)**

Tartu 2019

**Supervisor: Eiki Berg**

I have written this Master's thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

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## **Acknowledgements**

First of all, I would like to express my gratitude to my supervisor- Eiki Berg, for his significant contribution, which made my thesis possible. I am grateful to the University of Tartu for exceptional opportunities and essential experience, which helped me to find myself in this field.

Furthermore, I am incredibly grateful to my family for helping me to fulfil my dreams and gave me the opportunity to study at the University of Tartu. In addition to that, I would like to thank to my home, friends and my colleagues for continuous support during the writing process.

## **Abstract**

The debates on the effectiveness of economic sanctions have an important aspect of the sanctions' literature. There are various assumptions of the determinants the "effectiveness" and the implementation of the "target states" policies are considered as one of the key factors. This thesis will introduce the arguments in this debate and will be focused on Qatar's case, which is one of the recent crises in the contemporary world.

In June 2017, four members of the Gulf Cooperation Council (GCC) – Saudi Arabia, Bahrain, United Arab Emirates and Egypt imposed the sanctions on Qatar, closed diplomatic and economic ties and as a result, enforced the blockade of the sea, air and the land spaces. As for the response, Qatar rejected the allegations proposed by the Quartet and in order to overcome the crisis, started to develop the states' economy, agriculture and established the new diplomatic and trade relations with the states all around the world. The purpose of this study is to analyse the impact of sanctions on Qatar and understand how Qatar continued its advancement in the word politics. As a result, this research has found that Qatar managed to substitute the blockading states and establish new trade connections as well as develop agricultural productions.

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## **List of Abbreviations**

**GDP** - Gross Domestic Product

**GCC** - Gulf Cooperation Council

**OPIC** - Overseas Private Investment Corporation

**UN** - United Nations

**KSA** - Saudi Arabia

**UAE** - United Arab Emirates

**PPC** - Qatar's Permanent Population Committee

**OHCHR** - Office of the United Nations High Commissioner for Human Rights

**BMI** - Business Monitor International

**LNG** - Liquefied natural gas

**QR** - Qatari Riyal

**QAR** - Qatari Riyal

**PPC** - Permanent Population Committee

**MME** - Ministry of Municipality and Environment

**MENA** - Middle East and North Africa

**IMF** - International Monetary Fund

## Introduction

The debates on the effectiveness of economic sanctions as an instrument of foreign policy tool have caused various contradictory assumptions in the literature. The very first records of sanctions are attested in 432 B.C and time by time the sanctions have transferred as an approach for economic restrictions, trade embargos, forceful implementation of the sender states' internal policies and diplomatic disapproval in various issues.<sup>1</sup> It is essential to point out, that the utility of sanctions has significantly increased after the emergence of the United Nations, which also gives the proof that the study of sanctions is considered more as a new examination. As many scholars believe, the need for the sanctions is provoked to bypass the military intervention and accordingly, will lead to avoid the military expenses.<sup>2</sup> However, there are still preliminary doubts about whether economic sanctions are successful or fail to achieve the appointed goals. The effectiveness of sanctions causes various debates between the scholars, and it became challenging to determine the conditions when the sanctions can be considered as an effective foreign policy tool. Notably, study shows that the scholars from 1960-1970 collectively acknowledge the fact, that the use of sanctions as a foreign policy tool, is not justified and "judged as having a relatively low level of political Success".<sup>3</sup>

Qatar- as a rich peninsula-state with the highest per capita GDP in the world and rich in oil resources has become a significant player in the Gulf states. Relying on its oil resources, the state developed very fast and established independent foreign policy. In June 2017, a the crisis erupted in the Gulf Cooperation Council (GCC), when the United Arab Emirates, Bahrain, Egypt and Saudi Arabia closed diplomatic relations with the neighbouring state- Qatar and enforced the blockade of the sea, air and the land spaces. In addition to that, the Quartet ordered the Qatari residents, diplomatic representatives and the visitors to leave the boycotting state's territories and respectively, encouraged their citizens to return to their

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<sup>1</sup> Thieler R., *Economic Trade Sanctions: Literature Review (1980-2005)* Bangkok University International College. Executive Journal. p. 150

<sup>2</sup> Tsebelis. G., *Are Sanctions Effective? A Game-Theoretic Analysis* the Journal of Conflict Resolution, Vol. 34, No. 1 Mar. 1990 p.3

<sup>3</sup> Doxey M.P., *"Sanctions through the Looking Glass the Spectrum of Goals and Achievements"*. Source: International Journal, Vol. 55, No. 2 (Spring, 2000), p.207

respective states. Remarkably, the tensions have transferred into a dynamic regional conflict, which led the whole region into a determinative political ramification. After the few days when the crisis has erupted, the boycotting states summarised their “ultimatums” and introduced 13 points of demands to Qatar, of which the central claims implied ceasing the diplomatic relations with Iran, Turkey, as well as closing Al-Jazeera media broadcast.

During the first days of the crisis, the measures mentioned above had a significant impact on a series of issues including the human rights violation, social, economic and the effects caused by the suspended trade relations. While suffering from the financial implications caused by the economic sanctions and the blockade, Qatar has instantaneously found the alternative resources and started to overcome the crisis by creating its own sources and expanding the diplomatic and economic relations with the rest of the world.

The main objective of the thesis is to explore the impact of sanctions imposed by Saudi Arabia, Bahrain, Egypt and the United Arab Emirates on Qatar. This thesis depends on the sanctions’ literature as for its theoretical considerations and aims to analyse the effectiveness of sanctions of Qatar’s case. Subsequently, the main research question of this thesis is as follows: **What are the effects of sanctions on Qatar and how they led the state to bypass the negative consequences and the same time, reduced the dependency on sanctions.** Notably, the purpose of the study is to confirm that the imposed sanctions had insignificant effects on Qatar’s economy and moreover, opened new opportunities for the state to create its own supplies. In order to explain the sanctions’ insignificance, the indicators, such as closed border, the trade diversification, import substitution and the new economic, social possibilities with the world will be investigated.

Considering the problem addressed above, this thesis aims to contribute to the global discussion of the impact of economic sanctions of Qatar as well as to demonstrate the statements made in the previous studies and reports. Additionally, this research explains that the economic sanctions and the political rift proliferated towards Qatar, did not lead the state to the compromises and accordingly, as for the case of Qatar, economic sanctions appeared



to be ineffective. Moreover, the blockade motivated Qatar to increase the self-dependence on its' own resources and significantly substituted the boycotting state's sources with Qatar's own sources. In order to understand the impact and how Qatar overcame the crisis, statistics from the government data will allow me to compare the figures of the following years: 2016,2017,2018. The reason for selecting the abovementioned years is as follows: the data of 2016 will enable me to estimate the changes implemented in 2017 after the crisis and 2018 data will show the implemented developments.

The thesis is divided into three chapters. The first chapter will present the theoretical framework of the economic sanctions discussed by the scholars. The main part of the chapter will prepare the ground to explain whether the sanctions are effective or fail to demonstrate the primary purpose. More precisely, the theoretical part will imply the tools of the economic sanctions and the conditions when sanctions are used in the world's politics. In the end, the first chapter will imply the research design and the operationalisation part, where I will describe what is the primary aim of the study and the used methods to examine the effectiveness of sanctions on Qatar's case. The third chapter will be more loaded in the terms, that this chapter will answer the main research question and empirically assess the effectiveness of sanctions on Qatar. First, I will introduce the background of the GCC crisis, and I will determine the factors of the crisis. Secondly, I will illustrate the measures taken by the Quartet states, which will imply 13 points demands. Thirdly, I will explain Qatar's response to the imposed embargo and introduce the official statements by the government representatives. The primary indicator of understanding the impact of the sanctions is trade cooperation. Accordingly, the thesis will determine the following indicators: Diversification of trade, import substitution, and reaching out the word. Consequently, the official government statistics will prove the results. The findings will be summarised in the conclusion chapter.

# 1. Theoretical and Methodological Considerations

## 1.1. Sanctions as a Coercive Diplomacy

After the world military era, when European states established common welfare, the modern world distinctively reduced military interventions and transformed the sanctions as a foreign policy tool. The primary purpose of this particular action was to pressurise on “target” state to implement the coercer’s proposed internal policies. More importantly, the emergence of the United Nations prepared the ground for economic sanctions and accordingly, the study of sanctions can be considered as a contemporary subject.<sup>4</sup> During the end of the twentieth century, states and international organisations formed various types of sanctions, which can be declared as one of the first examples in world history.<sup>5</sup> According to the data, the use of sanctions has significantly grown by 22 % over the past years.<sup>6</sup> However, even when the types and the instances of sanctions increased, the purpose of economic sanctions preserved the same. For policymakers, who continue to use the sanctions even though the scholars do not agree with the utility of the sanctions as a foreign policy tool, economic sanctions are applicable for a number of intentions and are “not restricted to particular foreign policy goals”.<sup>7</sup>

The primary focus of the economic sanctions studies is around the effects and consequences after the utility of sanctions. Notwithstanding, the questions regarding the effectiveness of sanctions provoke multiple contradictory answers. To explain the impact of sanctions, in the first place, it is essential to define the concept itself. There are various studies dedicated to this particular issue and accordingly, in the literature, scholars mention economic sanctions in different ways- like for instance as boycotts, embargos, blockades or even more,

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<sup>4</sup> Wallensteen P., Characteristics of Economic Sanctions”. Peace Research Seminar, Uppsala University and International Peace Research Institute, Oslo P. 248

<sup>5</sup> Susan Hannah Allen (2005): The Determinants of Economic Sanctions Success and Failure, *International Interactions: Empirical and Theoretical Research in International Relations*, 31:2, 117-138

<sup>6</sup> Drezner D., “The Hidden Hand of Economic Coercion”, *International Organization*, Summer 2003, Vol. 57, Issue 3, P.643

<sup>7</sup> Baldwin A, Pape A. R, “Evaluating Economic Sanctions”. *International Security*, Volume 23, Number 2, Fall 1998, p. 82

“economic coercion”.<sup>8</sup> Galtung defines the sanctions as “actions initiated by one or more international actors (the "senders") against one or more others (the "receivers") with either or both of two purposes: to punish the receivers by depriving them of some value and to make the receivers comply with certain norms the senders deem important”.<sup>9</sup> In other words, to explain, the sanctions have the punishment effects on target states.

Hufbauer, Elliot, Schott, and Oegg offer the more precise meaning of sanctions, and they define the sanctions “to mean the deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or financial relations. We define foreign policy goals to encompass changes the sender state explicitly or implicitly seeks in the target state’s political behaviour.”<sup>10</sup> They point out the sanctions’ purpose for the internal as well as for external foreign policy means. A. Drury puts the sanctions in the negative viewpoint as well and defines the economic coercion “as some form of negative economic pressure that the sender uses to coerce the target into either altering its policy or deterring the target changing its policy.”<sup>11</sup> Also, Wallensteen chooses to discuss on the negative side of the sanctions, which entails the purpose of influencing on the receiver state. Accordingly, he offers three main typologies: Economic warfare, Economic sanctions, and Specific economic actions. These typologies mainly cover the negative measures implemented in the target state.<sup>12</sup> Except the foreign policy pressure on target state economic sanctions imply the following elements: “1. Limiting exports to the target country; 2. Limiting imports from the target country; 3. Restricting investment in the target county; 4. Prohibiting private financial transactions between a sender country’s citizens and the target country’s citizens or government; and 5. Restricting the ability of a sender country’s government programs, such as the U.S Export-Import Bank (Ex-Im Bank) and the Overseas Private Investment Corporation (OPIC), to

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<sup>8</sup> Wallensteen P., Characteristics of Economic Sanctions”. Peace Research Seminar, Uppsala University and International Peace Research Institute, Oslo P. 248

<sup>9</sup> Galtung J., “On the effects of international economic sanctions: With examples from the case of Rhodesia”, World Politics, April 1967, Vol. 19, Issue 3

<sup>10</sup> Hufbauer G. C., Schott J. J., Elliot K. A., Oegg B., Economic Sanctions Reconsidered, 3rd ed., Washington D.C.: Institute of International Economics, May 2009

<sup>11</sup> Drury, A., Economic Sanctions and Presidential Decisions”. New York 2005

<sup>12</sup> Wallensteen P., Characteristics of Economic Sanctions”. Peace Research Seminar, Uppsala University and International Peace Research Institute, Oslo P.249

assist trade and investment with the target country. “<sup>13</sup>

Many scholars put sanctions in a further broad perspective and see the utility of sanctions not only as a “punishment tool”, but as an “instance of international bargaining” <sup>14</sup> This attitude transforms the sanctions as a complex foreign policy tool, which also implies the negotiations and discussing the alleged outcome on the international level. Baldwin as Allen also agrees to see the sanctions from a broader perspective, which should entail not only economic sanctions but other “economic statecraft” aspects as well. He explained, that

*“The concept of economic sanctions should be broadened to encompass all aspects of ‘economic statecraft’ including not only economic coercion for political purposes (the traditional understanding of sanctions), but also coercion for economic goals (trade disputes) as well as goals other than changing the target state’s behaviour, such as engaging in economic warfare, rallying domestic political support, demonstrating resolve to third-party audiences, or simply inflicting punishment”.*<sup>15</sup>

On top of that, as he defines, “using sanctions for signalling purposes is not an alternative to using them as instruments of statecraft; it is statecraft.” <sup>16</sup> According to the proposed definition, it is logical to assume that, one can define the sanctions as a “statecraft”.

J. Barber shares the idea of “broadness” of economic sanctions as well and explains that “economic sanctions are employed in an attempt to achieve political ends by economic means.”<sup>17</sup> In conjunction with economic goals, A. Cooper supplements political goals as

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<sup>13</sup> Background- The Heritage Foundation, NO. 1126

<sup>14</sup> Allen H.S., “The Determinants of Economic Sanctions Success and Failure”. *International Interactions*, 31: 117–138, 2005 P. 118

<sup>15</sup> Baldwin A, Pape A. R, “Evaluating Economic Sanctions”. *International Security*, Volume 23, Number 2, Fall 1998, pp. 189-198

<sup>16</sup> Baldwin D. A., “The Sanctions Debate and the Logic of Choice”, *International Security*, Winter 1999-2000, Vol. 24 No. 3 P. 102.

<sup>17</sup> Barber J., “Economic Sanctions as a Policy Instrument”, *International Affairs*, 1979, Vol. 55, No. 3, p. 367

well, and he claims that sanctions definition should entail both goals cooperatively.<sup>18</sup> Since the scholars mentioned above share the idea of sanctions as a broad concept, presumably, sanctions can encompass various functions and include further foreign policy mechanisms respectively.<sup>19</sup> That is indeed why Barber offers three different objectives of the sanctions: Primary, secondary and tertiary. When “primary objectives” concentrate more on the performance of the states, (In this case on the receiver state) “secondary objectives” focus on the behaviour of the “sender” state. (The one which imposes the sanctions) and finally, “tertiary objectives” imply the “broader international considerations relating either to the structure and operation of the international system as a whole or to those parts of it which are regarded as important by the imposing states”<sup>20</sup>.

On the contrary of Baldwin’s statement, Pape had specifically defined the vision of economic statecraft which never acknowledged economic sanctions in it. Moreover, considering economic sanctions in the framework of economic statecraft and giving extensive meaning to it, can cause various misunderstandings.<sup>21</sup> As he defines,

*“The term “economic sanctions,” is used so loosely that there are many “common practices.” One of these common practices is to use the term to refer to the use of economic instruments to pursue a wide variety of foreign policy goals, including changing the foreign economic policies of other states.”*<sup>22</sup>

When discussing the economic sanctions, it also essential to emphasise the role of the United Nations, which significantly increased the utility of the sanctions in the objectives of international politics. The sanctions which are deployed by the UN are addressed as targeted sanctions in the literature and are implemented when there is a need of defending global

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<sup>18</sup> Drury A. C., *Economic sanctions and presidential decisions, models of political rationality*, New York 2005, p. 16

<sup>19</sup> Baldwin D. A., “The Sanctions Debate and the Logic of Choice”, *International Security*, Winter 1999-2000, Vol. 24 No. 3, p. 83

<sup>20</sup> Barber J., “Economic Sanctions as a Policy Instrument”, *International Affairs*, 1979, Vol. 55, No. 3 P.370

<sup>21</sup> IBID- P. 190

<sup>22</sup> IBID- P. 190

security, when the possibility of the terrorist threat, in order to counter the conflict, protect the human's rights and reinforce the peace agreements.<sup>23</sup> In general, the UN enforced "mandatory" sanctions during history only two times: The first case is towards the regime in Rhodesia, and the second case occurred against South Africa. After the sanctions against Haiti and Iraq, the UN has narrowed its tendency to "arms embargoes, travel restrictions, and asset freezes."<sup>24</sup> After 1990, The United Nations has imposed various sanctions against the former Yugoslavia, Iraq, Libya, Afghanistan, Angola, Rwanda, Liberia, Somalia, Sudan, Haiti, Ethiopia and Eritrea, Sierra Leone and Cote D'Ivoire, which in fact, increased the numbers of sanctions to 30 cases.<sup>25</sup>

Based on the literature mentioned above, this research is focused on the negative sanctions, and accordingly, the positive economic sanctions will be placed outside of the investigation. Additionally, in the literature of economic sanctions the term "sender" attributes to the state, which appoints the sanctions and "target" or "receiver" state points out the country, which receives the deployed sanctions. The terms are used the same way in this particular thesis as well. When it comes to the term's differentiation, it is also imperative to set the stage for explaining economic sanctions as a term.

## 1.2. The Tools of Economic Sanctions

The scholars of sanctions' literature differ the sanctions in various types and characteristics. The central division goes to unilateral and multilateral sanctions. In order to understand the nature of each, it is crucial to estimate how many individuals are involved. In the case of unilateral sanctions, they are applied by a single state, such as the United Kingdom, Canada, the United States, and the Soviet Union towards a single target.<sup>26</sup> On the other hand, the

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<sup>23</sup> Biersteker, T., Eckert, S., & Tourinho, M. (Eds.). (2016). *Targeted Sanctions: The Impacts and Effectiveness of the United Nations Action*. Cambridge: Cambridge University Press. P.9

<sup>24</sup> Hufbauer G. C., Schott J. J., Elliot K. A., Oegg B., *Economic Sanctions Reconsidered*, 3rd ed., Washington D.C.: Institute of International Economics, May 2009 P.132

<sup>25</sup> IBID P.132

<sup>26</sup> Tsebelis. G., Are Sanctions Effective? A Game-Theoretic Analysis" *The Journal of Conflict Resolution*, Vol. 34, No. 1 (Mar. 1990) P.3

nature of multilateral sanctions is as follows: “The greater the number of countries and institutions supporting a sanctions effort, the greater the moral suasion.”<sup>27</sup> To explain it further, in the process of multilateral sanctions, several countries consolidate together in order to enforce the sanctions towards the target state and to attain the collective outcome. The purpose of this cooperation is too apparent; the economic pressure on the target state is so high that the goal is reached directly.<sup>28</sup>

Galtung determines three main types of sanctions: “1) diplomatic sanctions a) nonrecognition. b) Rupture of diplomatic relations c) No direct contact with political leaders d) no cooperation by international organizations 2) communication sanctions a) rupture of telecommunications b) rupture of mail contact c) rupture of transportation (ship, rail, road, air) rupture of news communication (radio, newspapers, press agencies) d) rupture of personal contacts (tourism, family visits) 3) economic sanctions a) internal destruction (economic sabotage, strikes) b) rupture of trade relations (economic boycott) (a) hitting imports to receiving nation (import boycott) (b) hitting exports from receiving nation (export boycott).”<sup>29</sup>

When describing the sanctions type, it is also important to emphasise the sanctions tools, which are proposed by A. Cooper:

1. The first tool of sanctions implies restrictions/control over the imports and exports of the receiver state. As an example of imports restrictions, the scholar brings the case of Cuba, when the U.S started to limit the sugar imports and imposed the particular quota.
2. Financial tools imply “the freezing of assets, denial of loan rescheduling or guarantees, the limiting or cutting off of military or developmental aid, as well as

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<sup>27</sup> Drezner D. W., Bargaining, Enforcement, and Multilateral Sanctions: When Is Cooperation Counterproductive? *International Organization* 54, 1, Winter 2000, p. 76

<sup>28</sup> *IBID* p.77

<sup>29</sup> Galtung J., “On the effects of international economic sanctions: With examples from the case of Rhodesia”, *World Politics*, April 1967, Vol. 19, Issue 3 p. 383

pressure on banks and international financial organisations to deny loans and debt relief.” As an example, Cooper brings Iran’s case when the U.S declined \$12 billion of Iran’s assets. Aforementioned took place after Iranian students broke through the U.S embassy in Iran. According to Cooper, the reason for “terminating the aid” also can be considered when the target state starts to support international terrorism.

3. Travel bans- it can be applied on the “receiver” state’s government officials or on the society. Travel ban can be the harsh hit on the target state’s economy because it can directly influence tourism. As an example, he brings the U.S travel embargo on Cuba, which impacted the flights between the mentioned states.<sup>30</sup>

The instruments mentioned above of economic sanctions define not only the nature of the sanctions but the purposes and the impacts as well.

Additionally, Wallensteen proposes the sanctions typology, which is mainly concentrated on the negative side of- as he defines- “value-depriving” activity from the sender state to the target state.

1. Economic warfare- This option implies the military and all sort of financial measures, which can motivate pressing destruction of the target state’s economy.
2. Economic sanctions- In this particular part, Wallensteen implies trade embargos between the states. However, it can exclude the use of military force.
3. Specific economic actions- it can include concrete measures which one state impose towards another state: Depreciation of financial aid, arms embargoes. These actions are actively used during international disputes.
4. Tariff wars- It considers regulations on the import and export of the target state as well as the implemented changes of tariffs.<sup>31</sup>

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<sup>30</sup> Drury A. C., Economic sanctions and presidential decisions, models of political rationality, New York 2005, p.13

<sup>31</sup> Wallensteen P., Characteristics of Economic Sanctions”. Peace Research Seminar, Uppsala University and International Peace Research Institute, Oslo P.248



Wallensteen defines two types of sanctions in the framework of “expressivity” and “fundamentality,” which have different consequences in the end. The purpose of the first type is to “achieve complete surrender by the receiver” and in the case of the second type- it occurred in the period of inter-war. However, it can be considered as a “forgotten,” because of the first type.<sup>32</sup>

### **1.3. When Are Sanctions Used?**

There are different ways states can resolve political disagreements: military intervention, covert action, political coercion, diplomacy, economic coercion.<sup>33</sup> In addition to that, Baldwin points out the importance of propaganda, which can be considered as an alternative to the force as well. That is precisely why sanctions were used for various types of military reasons during the recent years, in order to diminish the target governments, to take a measure against terrorist movements and to defend the fundamental human rights.<sup>34</sup> Nonetheless, the question can be asked here: If there are a variety of tools in order to deal with the disputes, why sanctions are still used? The answer is simple- the recognised advantage over the tools mentioned above is that, the sanctions cause less military expenses and in addition to that, are considered as a more neutral activity. Accordingly, it is logical to assume, that the economic factors can encourage the use of sanctions. However, many scholars are still concerned with the critical question- When sanctions are “justified” to be used? One of the instances can be when the middle action is needed among the “actions that seem too soft or too strident. In these situations, sanctions are seldom regarded as the "ideal" weapon; rather, they are seen as the "least bad" alternative.”<sup>35</sup>

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<sup>32</sup> IBID p. 254

<sup>33</sup> Hufbauer G. C., Schott J. J. “Economic Sanctions and U. S. Foreign Policy Source”, American Political Science Association, Autumn 1985, Vol. 18, No. 4, p.727

<sup>34</sup> Tsebelis. G., Are Sanctions Effective? A Game-Theoretic Analysis” the Journal of Conflict Resolution, Vol. 34, No. 1 (Mar. 1990) p.3

<sup>35</sup> IBID p.5

According to Baldwin, “choice implies alternatives,” and the use of sanctions depends on the alternatives which are present on the table.<sup>36</sup> However, even if the other options are diverse, the use of economic sanctions are not considered because they can be a useful tool of foreign policy, because “ they are more cost-effective.”<sup>37</sup> G. C. Hufbauer, J. J. Schott, K. A. Elliot and B. Oegg proposed five specific reasons why sanctions are used, which are based on the study of 103 sanctions cases:

1. Modest Policy Goals - This particular reasoning is applied when there is a need of human rights protection as well as the establishment of conflicts.
2. Destabilisation - the episodes of destabilisation are revealed when the confiscation disputes arise between the two nations. As an instance, the authors give the case of the U.S. actions towards Brazil, in particular- the Goulart regime during the 1960s. In addition to that, when there are inhospitable diplomatic relations between the sender and the receiver countries. As for the case- the Soviet and Yugoslavia in 1948 is given.
3. Disruption of Military Adventures - applies when there is border conflict between relatively small states. On the other hand, when dominant powers are looking for the support for armed uprisings in these states.
4. Impair Military Potential- The purpose of this particular classification is more complex and applies when it is needed to increase the influence on the economic and military potential of the target state. In addition to that, the purpose is to enforce the significant amount of the costs on the economy of the target state, which will subsequently lead to decreasing the resources for the military and the external uses. Considerably, these sanctions were used by the United States when the purpose was to eliminate the construction of the gas pipeline between the Soviet Union and European states.

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<sup>36</sup> Baldwin D. A., “The Sanctions Debate and the Logic of Choice”, *International Security*, Winter 1999-2000, Vol. 24 No. 3, p. 82

<sup>37</sup> *IBID* p. 102

5. Other Major Policy Changes. This is the case when the sender states aim at establishing the fundamental transformation in the target state's political and government regime. As for the example, the authors give the case of South Africa, where the process of eliminating the "apartheid" is ongoing."<sup>38</sup>

Furthermore, it is widely considered that sanctions are seen as a substitute for the use of force. However, there are many scholars who believe that the use of sanctions is more efficient when the power itself is applied.<sup>39</sup> Pape explains that instead of considering sanctions as statecraft states should use the sanctions when the strategy is needed. What is noteworthy, though, is that economic sanctions as a strategy are separated from the other strategies in the terms that the purpose is complex in the end.<sup>40</sup>

#### **1.4. Sanctions' Effectiveness**

As it was mentioned in the earlier section, imposing sanctions to another state became evident during the contemporary era, especially after WWII. The primary purpose was to avoid military intervention, which accordingly is leading to the use of fewer resources. However, the arguments regarding the success of sanctions are mainly divided into three directions: Some scholars point out the "punishment" effect, those who underline the specific purposes regarding the target state's policies and the scholars, who highlight the institutions.<sup>41</sup> There are many who actively oppose the idea of sanctions and also some, who somehow justify using the sanctions as a foreign policy tool. It is important to highlight, that the scholars from 1960 to 1970 predominantly agree with the fact that economic sanctions do not produce the right consequences-meaning, are not thriving as well as cannot be used as a foreign policy

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<sup>38</sup> G. C. Hufbauer, J. J. Schott, K. A. Elliot and B. Oegg- "Economic Sanctions and U.S Foreign Policy". Institute for International Economics. P.729

<sup>39</sup> IBID P. 727

<sup>40</sup> Baldwin A., Pape.A., "Evaluating Economic Sanctions". International Security, Volume 23, Number 2, Fall 1998, pp. 189-198

<sup>41</sup> Lektzian D. Souva M. - "An Institutional Theory of Sanctions Onset and Success". The Journal of Conflict Resolution, Vol. 51, No. 6 (Dec. 2007), pp. 848-871

tool.<sup>42</sup> But what do we mean by successful consequences? When can sanctions be considered as a successful foreign policy tool? For instance, Galtung has proved that the sanctions could not be useful because it will undoubtedly result in determinative damage for the target society. Galtung unjustified the use of sanctions from the perspective of human psychology and explained, that “Sanctions against collectivities will always affect the just together with the unjust since collective sanctions correspond to a philosophy of collective guilt.”<sup>43</sup> P. Doxey has claimed, that the results which were supposed to be adopted by the sanctions are adverse.

Additionally, “sanctions are generally judged as having a relatively low level of political Success.”<sup>44</sup> Additionally, Wallenstein has stated that economic sanctions appeared to be less successful in the process of policy implementation and the economic sanctions are put at the same level as the military actions in terms of efficiency- “If one actually is interested in influencing a certain nation’s policy and not only satisfied with condemnation, economic sanctions have many of the same disadvantages as military action, due to their tendency to increase internal cohesion.”<sup>45</sup> Additionally, he explains, that sanctions are imposed not only because of creating the impact on the target state but also to express the sender state’s objection on the target state’s behaviour.<sup>46</sup> Baldwin also has doubts on the success of sanctions and reports similar conclusions as Wallenstein and Galtung.

But what do we mean by successful consequences? When can sanctions be considered as a successful foreign policy tool? In order to estimate the sanctions, either successful or unprofitable foreign policy, it is essential to understand the concept of “successful” or

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<sup>42</sup> Tsebelis. G., Are Sanctions Effective? A Game-Theoretic Analysis” The Journal of Conflict Resolution, Vol. 34, No. 1 (Mar. 1990) p.30

<sup>43</sup> Galtung J., “On the effects of international economic sanctions: With examples from the case of Rhodesia”, World Politics, April 1967, Vol. 19, Issue 3 P.409

<sup>44</sup> Doxey M.P., “Sanctions through the Looking Glass the Spectrum of Goals and Achievements”. Source: International Journal, Vol. 55, No. 2 (Spring, 2000), p.207

<sup>45</sup> Wallenstein P., Characteristics of Economic Sanctions”. Peace Research Seminar, Uppsala University and International Peace Research Institute, Oslo p.265

<sup>46</sup> Drury, A., Economic Sanctions and Presidential Decisions”.New York 2005 p. 44

“failure”.<sup>47</sup> After long research of different states between 1940 to 1960, Wallensteen explains, that economic sanctions can be successful only if the receiver state implements the consent after the sanctions are appointed.<sup>48</sup> Meaning, sanctions cannot be considered as a coercive tool, and they are not regarded as successful implementation when receiver states forcefully acquiesce the interests of a sender state. However, on the contrary, when it comes to the “punishment” type of sanctions, the possibility of successful implementation policies noticeably enhances. The main idea of punishment theory of economic sanctions is as follows: The more is financial pressure on target state, the more is a chance of policy implementation.<sup>49</sup> This means, that if the economic pressure, which will be caused by the imposed sanctions, will harm the target state’s economy, as a result of economic suffering, the receiver state will have to adhere to the sanctions demand in order to avoid further economic deterioration.

Furthermore, this attitude is also identified as a “naive theory”, and as a hypothesis, Galtung explains: “the more value-deprivation, the more political disintegration”.<sup>50</sup> In this case, the success of sanctions depends on how much harm was achieved to the target state’s economy. This is one of the crucial issues to consider, for the reason that the target state’s stable economy is in equivalent to the sanctions' success. Most importantly, internal political situations are not essential only for the target states, but for sender states as well. It can play a vital role in decision-making processes.<sup>51</sup> When it comes to the authoritarian regime, it is also an essential component because it can influence the period of the implementation of the sanctions.

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<sup>47</sup> Baldwin D. A., “Success and Failure in Foreign Policy”. Institute of War & Peace Studies, Columbia University, New York, New York 10027. P.180

<sup>48</sup> Wallensteen P., Characteristics of Economic Sanctions”. Peace Research Seminar, Uppsala University and International Peace Research Institute, Oslo P. 248

<sup>49</sup> Lektzian D. Souva M. - “An Institutional Theory of Sanctions Onset and Success”. The Journal of Conflict Resolution, Vol. 51, No. 6 (Dec. 2007), pp. 848-871

<sup>50</sup> Galtung J., “On the effects of international economic sanctions: With examples from the case of Rhodesia”, World Politics, April 1967, Vol. 19, Issue 3 P.388

<sup>51</sup> Susan Hannah Allen (2005): The Determinants of Economic Sanctions Success and Failure, International Interactions: Empirical and Theoretical Research in International Relations, 31:2, 117-138 p.135

Furthermore, sanctions can be considered as a triumphant when “the cost to target state is relatively high, and that to sender state is relatively low”.<sup>52</sup> By the term-cost, it can be considered the financial concern as well as the implementation of the sender state’s policies. In addition to that, the success of the sanctions is also determined with the duration of sanctions. The longer is time; more time has a target state to understand the situation and utilise alternative consequences.<sup>53</sup>

As for the effects of UN Security Council sanctions, the success rate is estimated from the perspective of three primary outcomes: When there is a successful application result in the behaviour of the target state, when the target state’s essential resources become accessible and the implementation of the international norms.<sup>54</sup>

Since many scholars are in favour of sanctions being alternative to military force, Baldwin tries to understand the “degree” in this process and explains that “even if the resources (e.g., money, time, personnel) committed to using economic sanctions are small in comparison with those committed to using military force, sanctions are an alternative to force to the extent that the resources devoted to sanctions could have been devoted to the use of force.”<sup>55</sup> In the end, the important fact is not that sanctions can substitute the military force, but particularly the outcome, which state will have to bear in terms of resources. He emphasises the importance of “success” definition. In order to define whether sanctions were successful, one should estimate how the sender’s policy was implemented in the target state.<sup>56</sup> On the other hand, he also defines “success” from the perspective of the “sender” state as well- “The more (net) value a policymaker derives from imposing sanctions, the more successful they are.”<sup>57</sup> Wallenstein defines the success of the angel of the sender side and claims that a successful

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<sup>52</sup> Joshi S, Mahmud A.S., Unilateral and multilateral sanctions: A network approach. department of Economics, George Washington University, 311 p.2

<sup>53</sup> IBID p. 4

<sup>54</sup> Biersteker, T., Eckert, S., & Tourinho, M. (Eds.). (2016). *Targeted Sanctions: The Impacts and Effectiveness of United Nations Action*. Cambridge: Cambridge University Press. p.10

<sup>55</sup> 7 Baldwin D. A., “The Sanctions Debate and the Logic of Choice”, *International Security*, Winter 1999, Vol. 24, No. 3, P.83

<sup>56</sup> IBID p.88

<sup>57</sup> IBID p.88

outcome depends on how the target state receives the sender's policies. As an example of this particular definition, he brings two examples when the sanctions were successful, however as he explains, they are "successful only in the sense that some kind of compliance took place sometime after the imposition of economic sanctions."<sup>58</sup> These two cases are when

1. Britain deployed the sanctions on USSR in 1933, and the agreement was achieved by the series of negotiations and
2. Sanctions against the Dominican Republic in 1960, which lead to important changes inside the Dominican government in a positive way.<sup>59</sup>

Even though G. Hufbauer, J. Schott, K. Elliot and B. Oegg are prominent defendants of sanctions utility in the sanctions' literature, they nevertheless suggested four possible reasons why sanctions can be ineffective especially when it is aimed at changing the operation of the target country. As a first reason, they explained, that sanctions can be incomplete for the purpose it was imposed as well as "The goals may be too elusive; the means too gentle; or cooperation from other countries, when needed, too tepid." As for the second reason they offer us, is that sanctions can produce their countermeasure. Meaning, the utility of sanctions can cause the consolidation of the target state's people to their government, which will unquestionably lead to creating an efficient outcome. As an examples of this particular case, G. C. Hufbauer, J. J. Schott, K. A. Elliot and B. Oegg bring out "the League of Nations' actions against Italy in 1935–36, Soviet sanctions against Yugoslavia in 1948–55, US measures against Indonesia in 1963–66, UN actions against Rhodesia in 1965–79, and US sanctions against Nicaragua in the 1980s." As for the third reason why, economic sanctions can cause the contradictory outcome is that it can cause the decisive support from stable and economically strong neighbouring states, which unquestionably lead to a strong partnership. Finally, as the last reason the scholars explain that the partner states of the sender state may "ask exasperating questions about the probability of a successful outcome; in the second

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<sup>58</sup> Wallenstein P., Characteristics of Economic Sanctions". Peace Research Seminar, Uppsala University and International Peace Research Institute, Oslo P.251

<sup>59</sup> IBID P.251

instance, they may refuse to take the stern measures requested against the target country, thereby making the sender's own initiatives seem all the more futile; finally, they may revolt and enforce national antisanktions laws.”<sup>60</sup>

Sanctions' practice in the form of “restrictions” has gradually moved to use of “smart sanctions”, which is also called as “targeted sanctions” in sanctions' literature. The main purpose of this transformation was to change the attitude towards the sanctions, and as a consequence, the scholars started to collectively agree with the effective nature of “smart sanctions”. In addition to that, they are considered as “an example of best practices for the United Nations as well as for the United States.”<sup>61</sup> The reason why smart sanctions are considered more effective is that they can be “aimed at specific officials or government functions without damaging the overall economy and imposing exceptional hardship on the general public.”<sup>62</sup> As G. C. Hufbauer, J. J. Schott, K. A. Elliot and B. Oegg explain, “Historically, asset freezes and travel bans were deployed in the context of broader measures. A survey of sanctions cases in the 20th century shows that in only 20 cases were smart sanctions (such as arms embargoes, asset freezes, and travel sanctions) imposed outside the framework of comprehensive embargoes. Even in these 20 cases (nine of which have occurred since 1990) the sanctions targeted on individuals or groups were almost always imposed in combination with selective export restrictions or aid suspensions.”<sup>63</sup> However, after the observation of several cases such as the cases of Cuba, Iran and Myanmar (Burma), it appeared that the sanctions were not able to get the conformity from the regimes of the states mentioned above.<sup>64</sup>

It is also utmost important to point out the effects of the sanctions from the perspective of

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<sup>60</sup> Hufbauer G. C., Schott J. J., Elliot K. A., Oegg B., *Economic sanctions Reconsidered*, 3rd ed., Washington D.C.: Institute of International Economics, May 2009, P.8

<sup>61</sup> Drezner D., *Sanctions Sometimes Smart: Targeted sanctions in Theory and Practice*. International Studies Review (2011) P.96

<sup>62</sup> IBID P. 138

<sup>63</sup> IBID P.138

<sup>64</sup> Thieler R. *Economic Trade Sanctions: A Literature Review (1980 - 2005)*. Bangkok University International College. P. 151



multilateral and unilateral sanctions. As it is explained in most of the sanctions' literature, multilateral sanctions are considered to be less effective than unilateral sanctions. To explain it further, multilateral sanctions imply the problems like "public goods", as well as the fact that "strategic targets" are able to influence the coalitions.<sup>65</sup> Meaning, the reason why multilateral sanctions cannot be effective is that they are mainly identified by the states which join with the coalitions.<sup>66</sup> However, there are still some cases when multilateral sanctions can be more effective than unilateral sanctions: This case occurs when "multilateral sanctions are either unidimensional or multi-dimensional and conducted through an international institution."<sup>67</sup>

Finally, according to Collins, there are five indicators when the success rate of the blockade is evidently low: Firstly, when the target state has a small number of citizens. Secondly, when the target state has a wide range of resources. Thirdly, when the target state does not entirely depend on the sender state either in terms of the trade or economically. In addition to that, when the receiver state owns the maritime trade connections and when there is sufficient time to prepare the state's economy and the resources.<sup>68</sup>

## 1.5. Research Design and Operationalisation

The main purpose of this research is to identify the impact of sanctions on Qatar, which then paved the way for Qatar into developing its independent economy. Accordingly, the research question of this study is as follows: **What are the effects of sanctions on Qatar and how they led the state to bypass the negative consequences and the same time, reduced the dependency on sanctions.** Particularly, the objective of the study is to prove that the imposed

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<sup>65</sup> Morgan T.C., Barat N.A. "Multilateral Versus Unilateral Sanctions Reconsidered: A Test Using New Data. *International Studies Quarterly* (2009) 53, 1075–1094 P.1092, *International Studies Quarterly* (1999) 43, 37–58 P.55

<sup>66</sup> Kaempfer W.H., Lowenberg A.D Unilateral Versus Multilateral International Sanctions: A Public Choice Perspective. *International Studies Quarterly* (1999) 43, 37–58 P.55

<sup>67</sup> IBID P. 57

<sup>68</sup> Collins G., ANTI-QATAR EMBARGO GRINDS TOWARD STRATEGIC FAILURE P. 59

sanctions had insignificant effects on Qatar's economy and moreover, opened new opportunities for the state to create its own supplies.

Theoretical part discussed above showed that sanctions in most cases are not effective and do not cause the concessions of the target state. Moreover, it can show the state to establish its own independent relations. The following analysis will confirm the statement discussed above empirically. It is important to emphasise that achieved result was not the purpose of the boycotting states. However, Qatar's strong economy, its ability to work on the independent supplies, led the target state to overcome the sanctions and moreover, create its own sources.

In order to test the effects of sanctions on Qatar, the following indicators will be used:

- **Closed border**
- **Import Substitution**
- **Expanding the trade relations**
- **Establishing new diplomatic relations**

In order to measure the abovementioned indicators, the wide range of official statistics, official statements of the government representatives, the UN reports and the states' development reviews will be used.

Thesis is using a single case study as its method. In general, As Toshkov explains, "the case study approach to research is most usefully defined as an intensive study of a single unit or a small number of units (the cases), to understand a larger class of similar units (a population of cases)." <sup>69</sup> Primarily, the reason why the case study was chosen as a method of this research, is that single case study analysis can provide efficient and "empirically rich study".<sup>70</sup> Despite the fact, that this particular method is identified as a "weak, imprecise,

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<sup>69</sup> Toshkov D., Research design in Political Science, New York, 2016 P.20

<sup>70</sup> Willis B. The Advantages and Limitations of Single Case Study Analysis. E-International Relations Students. July 2014. Paragraph 4

objective and rigor less method", the fact remains unchanged- single case study is an efficient method to analyse contemporary events and to observe on the developments of the phenomenon.<sup>71</sup> Furthermore, with the help of a single case study, I will be able to:

1. Determine the problem.
2. Explain and build the concluding remarks.
3. Generalise the main findings.
4. Imply particular approaches.<sup>72</sup>

In addition to that, in terms of the data, a single case study will help me to analyse and collect the evidence based on the sources and the statistics. Accordingly, with the help of a single case study, I will:

1. Adopt several sources of documentation.
2. Provide the chain of the indications.
3. Compare the data based on the statistics and the official reports.
4. Evaluate different figures between 2016, 2017, 2018.

The main reason of the evaluation the following years: 2016, 2017 and 2018 is that the comparison between 2016 and 2017 will give me the evidence of impact and the changes- If for instance, the overall trade amount between Qatar and the other states increased, Qatar has managed to bypass the sanctions. The evaluation of 2017 and 2018 data will show the developments in the trade and the internal agricultural processes.

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<sup>71</sup> Summers J.D., Case Study Method for Design Research: A Justification. Clemson University. August 2008. P. 3

<sup>72</sup> IBID P.3

## 2. Sanctions in Practice

### 2.1. The Wave of Sanctions on Qatar.

In June 2017 Saudi Arabia (KSA), Bahrain, Egypt, and the United Arab Emirates imposed sanctions in order to isolate Qatar. These four states, collectively recognized as “Quartet”, made allegations towards Qatar for supporting terrorist organisations, such as Muslim Brotherhood in Egypt, ISIS, Al-Qaeda, Hamas and criticised Qatar for its active collaboration with Iran and Israel, as well as for threatening to stability and security to the region. These accusations were based on the news report by Emir of Qatar, Tamim bin Hamid Al Thani, who recognised Hamas as a legitimate representative of the Palestinian population, additionally he expressed his support to Iran and criticised GCC governments. Even though Qatari government intensively declared that the official news agency was hacked, the quartet used coercive diplomacy as a tool, which included breaking diplomatic relations, imposing the blockade, closing Qatar’s land border with Saudi Arabia, blocking air space and seaports, travel ban in Saudi, Emirati, and Egyptian airports and additionally, boycott countries gave 19,000 Qatari citizens and diplomatic representatives two weeks’ notice to leave and ordered their own 11,300 nationals to leave Qatar respectively.<sup>73</sup> Even though the FBI, later on, confirmed and tabled the proved evidence of the hacking, the measures were already taken, and the damage started to develop. At this moment, it is essential to emphasise, that the other Muslim populations such as Indonesia, Senegal, Nigeria, Djibouti, Tunisia, Algeria and Morocco denied the Quartets’ actions and rejected the idea of the blockade against Qatar.<sup>74</sup>

In addition to that, there are various factors which lead the crisis to go viral. Some of them have a strong historical background, and some have erupted after particular events. Apart from the report of Qatar’s Emir on his support to the terrorist groups, there is also another factor for provoking the crisis: According to various statements, one billion USD has been paid by the government of Qatar in order to discharge family members. However, the money was transferred to Al-Qaeda in Syria, to Iran- Partially for the Iranian government and the

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<sup>73</sup> Smith B. “Qatar crisis” 30 June 2017. House of Commons Library. P.3

<sup>74</sup> Hanieh. A., The Qatar Crisis. *Jacobin*. June 2017

rest to the Sunni jihadi organisation, which accordingly caused serious misunderstandings from GCC states.<sup>75</sup> Supporters of the sanctions, also emphasise the factor of the Muslim Brotherhood in Egypt. The monarchy of Qatar has always been a proponent of a political Islam, which was expressed in its support of the Muslim Brotherhood and the head of its government- Mohammed Morsi. The interesting thing here is the reason why Qatar supported the Muslim Brotherhood. Many political analysts such as Smith B. consider, that “Qatar saw the Muslim Brotherhood as a way to project its influence and compete with Saudi Arabia, and gave Qatari citizenship to Yusuf al-Qadarawi, an Egyptian theologian close to the Muslim Brotherhood.”<sup>76</sup> Another reason for Qatar’s close relation with Hamas in Palestine and Jabhat al-Nusra in Syria is its purpose of expanding its influence on these groups, and as an example, Qatar successfully persuaded al-Nusra to separate from Al-Qaeda.<sup>77</sup> Even though Saudi Arabia itself offered a roof to the activists of the Muslim Brotherhood while repressions performed against them in Egypt,<sup>78</sup> Qatar’s support to the organisation still caused a severe reaction from GCC states. With Bahrain, Qatar had a long-term territorial dispute on Hawar island, which also became one of the determinants why Bahrain joined the trio and went against Qatar besides its support to terrorist organisations. The additional factor of aggravating relations between Qatar and GCC states is President Trump’s visit to Saudi Arabia in May 2017, which was followed by President Trump’s speech urged Muslims for consolidation against terrorism:

*“This is a battle between barbaric criminals who seek to obliterate human life and decent people, all in the name of religion. This is a battle between good and evil.”*<sup>79</sup>

In addition to that, the president released his decision about \$110 billion worth of US military equipment, which directly speaks of these two states’ strong diplomatic relations.

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<sup>75</sup> IBID P.4

<sup>76</sup> Smith B. “Qatar crisis” 30 June 2017. House of Commons Library. P.6

<sup>77</sup> CHANGE AND CONTINUITY IN THE GULF- Nato Parliamentary Assembly report. 24 September 2018

<sup>78</sup> “Saudi Arabia’s Muslim Brotherhood predicament”- The Washington Post. March 20, 2014

[https://www.washingtonpost.com/news/monkey-cage/wp/2014/03/20/saudi-arabias-muslim-brotherhood-predicament/?utm\\_term=.1a58b025cf79](https://www.washingtonpost.com/news/monkey-cage/wp/2014/03/20/saudi-arabias-muslim-brotherhood-predicament/?utm_term=.1a58b025cf79)

<sup>79</sup> “President Trump's Full Saudi Arabia Speech”- Time. MAY 21, 2017

The tensions between Qatar and Saudi Arabia have a long-history background, which has started after Qatar's official requisition of its independence from Saudi Arabia. It can be claimed, that the crisis was a logical transformation of the brewing tensions in the Gulf region. Qatar actively started working on its independent foreign policy in the 1980s. In April 2003, a new constitution went into a power, which provided a partially elected assembly and furthermore, women received the right to vote and engage in office administrations. Endowed with the world's third-biggest petroleum gas and oil saves, Qatar has established a strong economy and the most noteworthy per capita pay on the planet.<sup>80</sup> As a result of independent foreign policy, Qatar developed its close diplomatic relations with Iran and Israel as well. It is logical to assume, that all these measures would cause a pressing reaction from Saudi Arabia, which ended up with the tensions between these two countries. Since the 1990s, Qatar started to compete with Saudi Arabia in order to become a pivotal regional hegemonist, which was expressed in presenting itself as a reliable mediator from Lebanon to Somalia.<sup>81</sup> In 2014 Qatar evoked the displeasure of the United Arab Emirates as well by giving the shelter to Emirate dissidents. The United Arab Emirates, as well as Saudi Arabia, expressed their irritation by closing diplomatic representations and withdrawing ambassadors.<sup>82</sup> The Embassy of Qatar became operational only after Qatar agreed to restraint a coverage of Saudi Arabia in Al-Jazeera.<sup>83</sup>

## 2.2. Imposed Measures

To back up and explain sanctions to the broader audience, on 22nd June 2017, the boycotting countries issued 13- point list of demands and Qatar was given ten days to comply with all those demands. Scholars claim that these demands were constructed from the response of the US Department of State regarding Qatar's support of terrorism.<sup>84</sup> It is notable that the

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<sup>80</sup> Baabood. A. Qatar's Resilience Strategy and Implications for State-Society Relations. AI WORKING PAPERS 17 P. 3

<sup>81</sup> The Qatar Crisis- *Pomeps Briefings*. Middle East Political Science. October 2017

<sup>82</sup> Smith B. "Qatar crisis" 30 June 2017. House of Commons Library. P.7

<sup>83</sup> Smith B. "Qatar crisis" 30 June 2017. House of Commons Library. P.5

<sup>84</sup> IBID P. 8

sanctions were delivered with the mediation of Kuwait, which still plays an important role as a mediator. The list of demands and their evaluation include as follows:

1. **“Brake diplomatic ties with Iran** and close its diplomatic missions.” This particular demand implies ending the bilateral military cooperation with Iran as well. It can be considered, that this demand can be the priority of all the demands mentioned after, however, from the diplomatic perspective, Qatar is an independent state, which owns a right to build the diplomatic relation with any state of the world.
2. **“Shut down the Turkish military base, which is currently under construction.”** This demand implies shutting down any other military cooperation with Turkey as well. In 2014, Qatar and Turkey signed an agreement, which aimed at founding the Turkish military base in Qatar. Notably, this demand implies interfering the boycotting states into Qatar’s internal security decisions.
3. **“Sever every tie to terrorist, sectarian and ideological organisations.”** In particular, this demand considers Al-Qaida, Muslim Brotherhood in Egypt, Hezbollah in Lebanon and Hamas in Palestine. The claim is not justified by international society since the nature of “terrorist organisation” still causes contradictory ideas.
4. **“Stop all means of funding for individuals, groups or organizations that have been designated as terrorists by Saudi Arabia, UAE, Egypt, Bahrain, US, and other countries.”** This demand goes against the sovereign rights of Qatar, and in addition to that, the impression of Coalition is broken by mentioning the United States in the ultimatum.
5. **“Hand over "terrorist figures", fugitives and wanted individuals from Saudi Arabia, the UAE, Egypt, and Bahrain to their countries of origin.”** Demand is not given the specific shape in the terms and such demand is not acceptable for the diplomatic language.
6. **“Shut down Al Jazeera and its affiliate stations.”** Al-Jazeera is an effective tool of Qatar’s soft power and represents the people, which has an important role in spreading information about the primary issues in the world’s politics. In addition to that, this particular demand limits the freedom of expression and freedom of speech.

7. **“End interference in sovereign countries' internal affairs.”** To explain it further, demand implies to cancel granting the citizenship to the individuals, which are in the interests of the boycotting states. This demand directly intervenes to Qatar’s internal politics and subjects the violation of the state’s laws.
8. **“Pay reparations and compensation for loss of life and other financial losses caused by Qatar's policies in recent years.”** There is no case, even if “Qatar’s policies in recent years” are wrong, to somehow justify the payment of reparations and the compensations.
9. **“Align Qatar's military, political, social and economic policies with the other Gulf and Arab countries.”** Demand 9 directly shows the Coalitions' attempt to “align” Qatar with the “Gulf and Arab states” and stop seeking the independent and sovereign foreign policy.
10. **“Cease contact with the political opposition in Saudi Arabia, the UAE, Egypt, and Bahrain.”** Again, the breach of diplomatic protocol, which also causes the threats of the internal security processes.
11. **“Shut down all news outlets funded directly and indirectly by Qatar.”** The same explanation applies to this demand as for demand (6).
12. **“Agree to all the demands within ten days of the list being submitted to Qatar, or the list will become invalid.”** Demand emphasises the limiting of the sovereign rights of Qatar and again, goes against international law.
13. **“Consent to monthly compliance audits in the first year after agreeing to the demands, followed by quarterly audits in the second year, and annual audits in the following ten years.”**<sup>85</sup> The ultimatum 13 directly “humiliates” Qatar’s independence and is an attempt to control and intervene in the internal political processes.

Foreign policy analysts considered these demands as a way of destruction of Qatar’s independence, a rustic touch of Qatar’s sovereignty and described the actions implemented

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<sup>85</sup> “Arab states issue 13 demands to end Qatar-Gulf crisis”. *Al-Jazeera*, 12 Jul 2017



by Quartet as a "Geopolitical Crime".<sup>86</sup> The Foreign Secretary of Britain regarding the imposed demands on Qatar reported that "Gulf unity could only be restored when all countries involved are willing to discuss terms that are measured and realistic. "<sup>87</sup> As for the first reaction from Qatar, the government officials actively rejected Arab State's accusations and his Excellency Foreign Minister verified that "Qatar was subjected to a carefully orchestrated smear campaign". Additionally, the demands tabled from the boycotting states directly opposes to the United Nations concept: "All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations."<sup>88</sup>

### 2.3. Qatar's Response

The official statement regarding Qatar's response was delivered in Kuwait by Qatari foreign minister, Sheikh Mohammed bin Abdulrahman Al-Thani. The allegations from Quartet caused powerful objections from Qatar. Qatar has always expressed its willingness for the diplomatic negotiations with the boycotting states: "Qatar believes that the Gulf states need to establish a new framework for advancing peace and security. Historically, the Gulf Cooperation Council — an organisation of which three of the blockading countries are a part — has played a stabilising role in Gulf affairs. But the G.C.C. was never meant to serve as a regional court, an advocacy group or a policymaking body."<sup>89</sup> However, the later was not the option for the quartet. The minister explained that "the stiff demands – including closing the broadcast channel al-Jazeera and ejecting Turkish troops based in Qatar – are so

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<sup>86</sup> Are the 13 Demands to Qatar a 'Geopolitical Crime'? *Foreign Policy Journal*, Jul 12, 2018  
<https://www.foreignpolicyjournal.com/2018/07/12/are-the-13-demands-to-qatar-a-geopolitical-crime/>

<sup>87</sup> "Qatar given 10 days to meet 13 sweeping demands by Saudi Arabia". *The Guardian*. 23 Jul.2017  
<https://www.theguardian.com/world/2017/jun/23/close-al-jazeera-saudi-arabia-issues-qatar-with-13-demands-to-end-blockade>

<sup>88</sup> Charter of the United Nations- Article 2(1)–(5).  
<http://legal.un.org/repertory/art2.shtml>

<sup>89</sup> End the Blockade of Qatar- Speech by Mohammed Bin Abdulrahman Al-Thani  
<https://www.nytimes.com/2018/06/05/opinion/qatar-blockade-foreign-minister.html>

draconian that they appeared designed to be rejected.”<sup>90</sup> Additionally, the Emir of Qatar further explained his position during the UN General Assembly: “The countries who imposed the blockade on the state of Qatar interfere in the internal affairs of many countries and accuse all those who oppose them domestically and abroad with terrorism. By doing so, they are inflicting damage on the war on terror,”<sup>91</sup> The UN ambassador of Qatar, Sheikha Alya Ahmed bin Saif al-Thani, explained on Qatar’s support the terrorism, that this move was “sabotaging our relationship with the world, with the west, tarnishing our reputation in a way by using the terrorism card”.<sup>92</sup>

After the series of the mediation and Qatar’s readiness to the dialogue, Qatar has decided to take a measure in order to defend its trade rights in the framework of the international law; as well as to “challenge the trade boycott” imposed by the Gulf states. Qatar filed the legal accusation at the World Trade Organisation. However, the boycotting states justified their actions as Qatar is threatening their “national security”.<sup>93</sup>

## **2.4. Assessing the Effectiveness of Sanctions on Qatar**

Sanctions imposed by the Quartet has not only the local means, however, but it also has a significant impact on the region as well. Since the main focus of this study is around the impact on Qatar, I will briefly review the crisis consequences on the region itself. The crisis of Qatar has long-term outcomes, which haven’t been pre-planned in advance. This crisis can

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<sup>90</sup> “Qatar responds to Gulf neighbours' demands”. The Guardian, Jul 3, 2017

<https://www.theguardian.com/world/2017/jul/03/qatar-given-more-time-to-respond-to-gulf-neighbours-demands>

<sup>91</sup> Qatari emir condemns 'unjust blockade' in UNGA speech. Al-Jazeera. September 2017

<https://www.aljazeera.com/news/2017/09/qatari-emir-condemns-unjust-blockade-unga-speech-170919185253541.html>

<sup>92</sup> Qatar given 10 days to meet 13 sweeping demands by Saudi Arabia. The Guardian. June 2017

<https://www.theguardian.com/world/2017/jun/23/close-al-jazeera-saudi-arabia-issues-qatar-with-13-demands-to-end-blockade>

<sup>93</sup> Qatar makes legal complaint to WTO over Gulf trade boycott. The Guardian. July 2017

<https://www.theguardian.com/world/2017/jul/31/qatar-makes-legal-complaint-to-wto-over-gulf-trade-boycott>

weaken the Gulf Cooperation Council and the whole region weaker and fragile, which will directly cause significant challenges for its security and within the region as a whole. In particular, the crisis can make the Gulf region unsteady towards Iranian expansionism, terrorism and the extremism.<sup>94</sup> As Kose explains, “The crisis furthers the polarisation in the region, forcing regional countries to choose between the two poles, and thereby creating a bipolar regional system. This bipolarity is rejected by many regional actors, including, among others, Turkey, Kuwait, and Oman.”<sup>95</sup>

After the imposition of sanctions, the effects became too evident for Qatar. The instantaneous closure of the state’s only land border and cutting diplomatic ties with four leading neighbouring countries caused an immediate impact on a various aspects such as hindering import/export manoeuvre, human rights violations, serious financial, economic and social challenges, the blockading of airspace, challenging its labour market, impact on tourism and real estate sectors, violation of performing religious rituals, impact on retail and construction sectors. All these effects mentioned above will be addressed separately in the following paragraphs.

The decision of the sanctioning states has a considerable influence on the **human rights** of people. Infringement of human rights doesn’t apply only for Qatari citizens; however, it influenced the population of other Gulf states as well. In particular, the impact on human rights is on various aspects, however, the primary infringements proceeded during the blockade are as follows: “ Freedom of Movement, Separation of families and issues of nationality and residence, Freedom of expression, Right to education, Right to health, Economic rights and right to property and Freedom of the press”.<sup>96</sup> The freedom of movement and the other fundamental human rights is recognised by the Universal Declaration of Human Rights and it states, “Everyone has the right to freedom of movement and residence within the borders of each State”, “Everyone has the right to leave any country,

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<sup>94</sup> Kose.T. Ulutas U. Regional Implications of the Qatar Crisis: Increasing Vulnerabilities. P. 2

<sup>95</sup> IBID. P.2

<sup>96</sup> Dugard J & Schabas W. (2018) “The Blockade of Qatar One Year On: Violations of Human Rights and Coercive Measures”.

including his own, and to return to his country”<sup>97</sup>. Additionally, according to the International Convention on the Elimination of Racial Discrimination in its General Recommendation # 30, the states “ Ensure that laws concerning deportation or another form of removal of non-citizens from the jurisdiction of the State party do not discriminate in purpose or effect among non-citizens on the basis of race, colour or ethnic or national origin, and that non-citizens have equal access to effective remedies, including the right to challenge expulsion orders, and are allowed effectively to pursue such remedies”.<sup>98</sup> Accordingly, it is logical to assume that the measures taken by four Gulf states are a direct violation of the International Convention.

The victims of the embargo can be divided into four categories:

1. The nationals of Qatar who were settled in Saudi Arabia, United Arab Emirates, Egypt and Bahrain and were ordered to leave these states, their families, occupation, properties and who were forced to suspend their studies. Hereby, what is noteworthy is that According to AHCHR Technical Mission To The State of Qatar, for June 2017, 6,474 cases of mixed marriages were attested among the citizens of KSA, The United Arab Emirates, Bahrain and Qatar.<sup>99</sup>
2. The citizens of UAE, Egypt, Saudi Arabia (KSA) and Bahrain who were forcefully ordered to go back to their root countries and were distinct from their families, businesses, properties and employment.
3. The citizens of four states who faced the limitation of freedom of movement and therefore the repercussions on many civil, economic, social and cultural rights.<sup>100</sup>

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<sup>97</sup> Universal Declaration of Human Rights (UDHR), The United Nations.

<sup>98</sup> Committee on the Elimination of Racial Discrimination, General Recommendation 30, Discrimination against Non-citizens (Sixty-fourth session, 2004), U.N. Doc. CERD/C/64/Misc.11/rev.3 (2004). <http://hrlibrary.umn.edu/gencomm/genrec30.html>

<sup>99</sup> Report- On the impact of the Gulf Crisis on human rights. OHCHR TECHNICAL MISSION TO THE STATE OF QATAR. 17- 24 November 2017

<sup>100</sup> Report- On the impact of the Gulf Crisis on human rights. OHCHR TECHNICAL MISSION TO THE STATE OF QATAR. 17- 24 November 2017

According to the National Human Rights Committee, Qatar still faces the violation of performing religious rituals during Hajj and Umrah, where Qatari nationals experience the limitation of exercising the freedom of religion. Moreover, the sanctions were imposed in the period of Ramadan and Hajj pilgrimage.<sup>101</sup>

In addition to human rights violations, Qatar experienced severe economic challenges after closing the borders with GCC states. As BMI Research shows, Qatar's GDP annual increase has dropped from 2.2% to 1.9%.<sup>102</sup> Notably, Qatar imported most of its food supplies from its neighbour- Saudi Arabia and the crisis emphasised the state's vulnerability to full the food storage, which has caused to Qatar serious harm. According to the official report, overall, 15 % of the imports to Qatar was from the boycotting states.<sup>103</sup>

According to Qatar trade statistics, in June 2017, after the crisis erupted, Qatar's export decreased by 9.5% compared to the previous year. During the same month, import decreased by 39.9%.<sup>104</sup> The research had also shown that Qatar's non-oil economy had shrunk to 4.6% of the GDP from 5.6%, i.e. before the sanctions were imposed. It is logical to assume, that closing borders with the neighbouring states caused a decrease in foreign trade by 49.4 %. In order to see a particular example, it is also essential to evaluate the amount of import from one of the boycotting states. With Saudi Arabia, the United Arab Emirates was one of the biggest food suppliers for Qatar. In May 2016 the total percentage of the imports from the United Arab Emirates completed 960 (million QR) when in June 2017 the number started to reduce to the half amount. (492 million QR).<sup>105</sup> The decrease of the overall trade amount between Qatar and the embargo states is introduced in the chart below. However, it is notable to say that no official statistics are found which records the overall data of 2018. Since the

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<sup>101</sup> IBID P. 8 section 26

<sup>102</sup> Qatar Country Risk Report. BMI Research  
[https://store.fitchsolutions.com/country-risk/qatar-country-risk-report?utm\\_source=fitch-solutions&utm\\_medium=Referral&utm\\_campaign=Category-Pages](https://store.fitchsolutions.com/country-risk/qatar-country-risk-report?utm_source=fitch-solutions&utm_medium=Referral&utm_campaign=Category-Pages)

<sup>103</sup> Al-Ansari M.M., "The GCC Crisis at one year". Arab Center Washington DC. 2018. P. 60

<sup>104</sup> Monthly Press Release on Foreign Merchandise Trade Statistics – June 2017

<sup>105</sup> IBID

[https://www.mdps.gov.qa/en/statistics/Statistical%20Releases/Economic/ForeignTrade/2017/FT\\_june\\_2017\\_AE.pdf](https://www.mdps.gov.qa/en/statistics/Statistical%20Releases/Economic/ForeignTrade/2017/FT_june_2017_AE.pdf)

crisis is becoming more deep-rooted and no concessions or the success of sanctions attests, it is logical to assume that the import-export exchange between the nations mentioned above leads to stop completely. (Figure 2.1)

### Qatar's trade relations with boycotting states

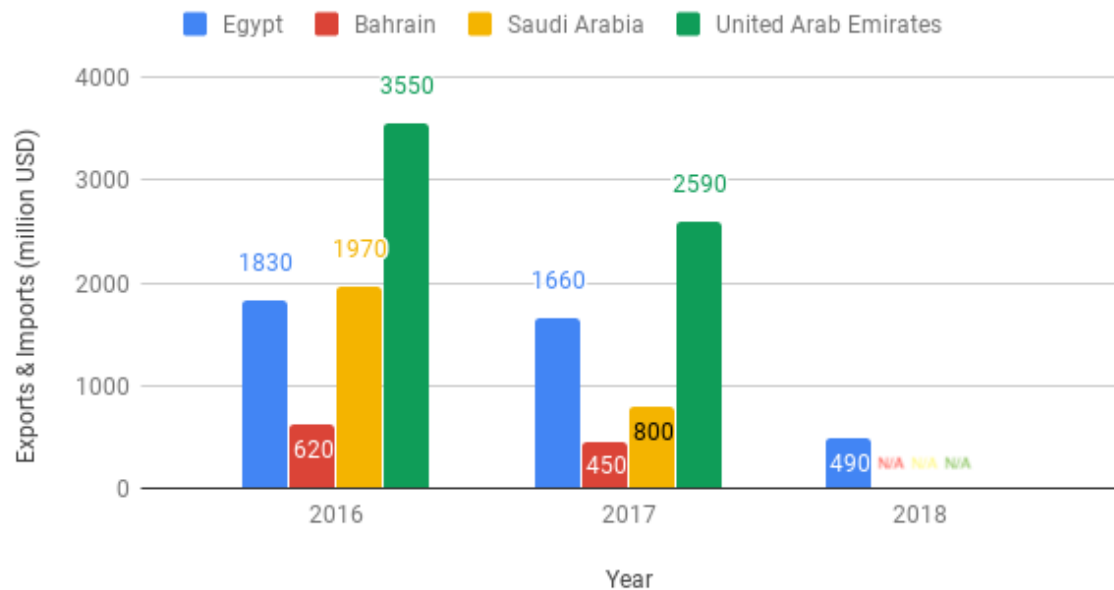


Figure 2.1 - Qatar's trade relations with boycotting states.

Source- Based on Trade Map- International Trade Statistics

Qatar experienced a decrease of numbers in the registrations of new cars- “falling from 2.8 per 1,000 residents in May 2017 to 1.8 per 1,000 residents in June and 1.6 per 1,000 residents in July of the same year.”<sup>106</sup>

Accordingly, the embargo influenced on the property sales as well. To explain it further, more than 26 million Qatari riyals (QAR) properties were sold in July 2017 by the owners

<sup>106</sup> Collins G., Anti-Qatar Embargo Grids Towards Strategic Failure. The GCC Crisis at One Year. P.62

from the United Arab Emirates and Saudi Arabia, who were looking for to get rid of their real estate property in the state of Qatar.<sup>107</sup>

After the closed border with its neighbours, Qatar had difficulties in attracting new investors and the tourists in the state. From the research of journalist-Babu Das Augustine, after the travel restrictions, the amount of GCC country visitors has decreased almost with 70%, which is reasonable to assume that it was an essential hit on Qatar's tourism and real estate sector.

108

The boycotting states also enforced the sea and air blockade, which resulted in the closure of Dubai's Jebel Ali port, which actively imported most of the food and construction materials.<sup>109</sup> The siege of airspace harmed especially Qatar Airways, which had to suspend its flights in the airspace of the boycotting states as well as "reroute most of its West-bound flights."<sup>110</sup> Additionally, the airlines experienced 69 million USD loss, which is precisely a 19% decrease in the "seat occupancy".<sup>111</sup>

Admitting the fact, that Qatar has a small population, means that most of its labour work is dependent on foreign expats.<sup>112</sup> Migrant workers had to face an impact provoked from the blockade, consequently. The impact is especially evident for workers in the manufacturing

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<sup>107</sup> Collins G., Anti-Qatar Embargo Grids Towards Strategic Failure. The GCC Crisis at One Year. P62

<sup>108</sup> Gulf news report, by Babu Das Augustine

[https://www.zawya.com/mena/en/story/Economic\\_and\\_fiscal\\_impact\\_of\\_sanctions\\_on\\_Qatar\\_turns\\_acute-GN\\_13092017\\_140948/](https://www.zawya.com/mena/en/story/Economic_and_fiscal_impact_of_sanctions_on_Qatar_turns_acute-GN_13092017_140948/)

<sup>109</sup> A Dustup in the Gulf. Foreign Affairs.

[https://www.foreignaffairs.com/articles/middle-east/2017-06-13/dustup-gulf?utm\\_campaign=reg\\_conf\\_email&utm\\_medium=newsletters&utm\\_source=fa\\_registration](https://www.foreignaffairs.com/articles/middle-east/2017-06-13/dustup-gulf?utm_campaign=reg_conf_email&utm_medium=newsletters&utm_source=fa_registration)

<sup>110</sup> Qatar Airways annual report- 2016-2017, FISCAL 2017

[https://www.qatarairways.com/content/dam/documents/annual-reports/2017\\_Annual\\_Report\\_ENGLISH-WEB.pdf](https://www.qatarairways.com/content/dam/documents/annual-reports/2017_Annual_Report_ENGLISH-WEB.pdf)

<sup>111</sup> Qatar Airways reports \$69m loss amid Gulf blockade. *Al-Jazeera*. Sep. 2018

<https://www.aljazeera.com/news/2018/09/qatar-airways-reports-69m-loss-gulf-blockade-180919053048255.html>

<sup>112</sup> Baabood A. (2017) "Qatar's Resilience Strategy and Implications for State-Society Relations".

<https://www.dohainstitute.org/en/Lists/ACRPS-PDFDocumentLibrary/Crisis%20in%20the%20Gulf%20Cooperation%20Council%20-%20booklet%20by%20ACW.pdf>

field. The workers from Asia equal to more than 80% of the state's human resources and the evaluation of the damage caused by the blockade still remains unclear. Nonetheless, Qatar's Permanent Population Committee (PPC) report shows, the number of the economically active population sharply dropped by 124 thousand people (5.9%) exactly after the crisis.<sup>113</sup>

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<sup>113</sup> The Qatar Blockade's Impact on Migrants. *Carnegie*. August 2018.



### 3. Countermeasures

In the literature, there are four options in order to overcome the threats imposed for a small state such as Qatar:

1. The most important countermeasure is to intensify and to concentrate all the internal measures which will enable a state to resist itself against the external pressure.
2. Another “survival strategy” is to ally with the stronger state, which will have the ability to provide the “roof” and the military support. This strategy is also known as “bandwagoning”.<sup>114</sup>
3. A small state experiences the strong motivation of survival and “considers the option of “balancing” to avoid being dominated or threatened by a hostile neighbour, but also to reduce the over-dependence on a single ally.”
4. The best option for the small state is to remain the neutrality and avoid expressing its side, but the cost of this option is high in terms of building independent defense capabilities to deter violations of neutrality”.<sup>115</sup>

#### 3.1. Diversification of Trade

Achieving an independent economy and creating diversification of sources has become Qatar’s main challenge. The state had to transfer itself from “energy dependent economies” to more diversified economies in a short period. Except for discovering new sources, Qatar decided to produce its own energy resources, which I am going to discuss it further in the following paragraph more thoroughly.

On the grounds of improving the food supplies, the Qatari government started to explore new trading routes and come up with three main alternatives:

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<sup>114</sup> Saidy B. QATAR’S DEFENSE POLICY: SMART CHOICES OF A SMALL STATE. Policy brief no. 24 | June 2018 P. 2

<sup>115</sup> IBID P. 3

1. From Turkey to Doha by the sea.
2. The land route through Turkey and over the sea to Doha
3. From Aqaba (Jordan) and afterwards, by the sea route to Doha.<sup>116</sup>

Notably, the crisis has transferred Turkish-Qatari relations into a different level. Meaning, Turkey, from the beginning, chose a pro-Qatari side and transferred as a security guarantee for Qatar. Turkey enabled new shipping routes for Qatar and actively engaged in mediation processes. According to the data issued by the Turkish Ministry of Foreign Affairs in October 2017, the mutual trade volumes between Qatar and Turkey invisibly increased from \$835 million in 2016 to \$1.3 billion in 2017.<sup>117</sup> (See Figure 3.1) After the crisis erupted, Turkey delivered the cargo planes and ships with fruits and vegetables amounted of several thousands of tones. Therefore, during 2017, Turkey amounted to the eighth most significant market for Qatar and the number of imports are expected to be increased up to \$5 billion during the upcoming years.<sup>118</sup>

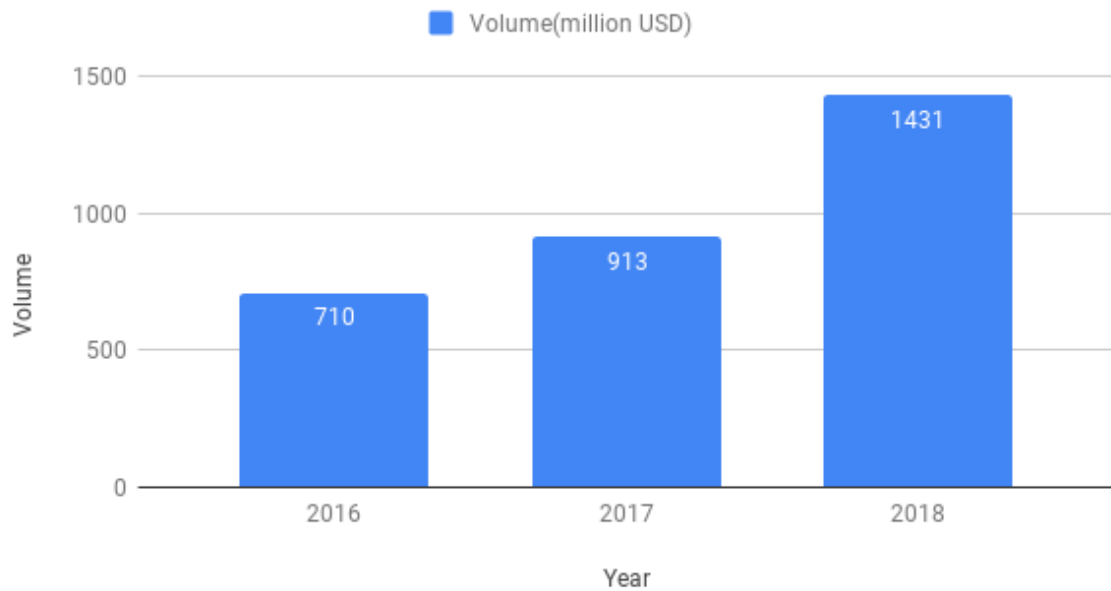
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<sup>116</sup> Neubauer S. "How Qatar Seeks to Establish New Trade Routes". The Washington Institute. September 2017

<sup>117</sup> Turkey-Qatar Economic and Trade Relations. The Ministry of Foreign Affairs of Turkey.  
[http://www.mfa.gov.tr/turkey\\_s-commercial-and-economic-relations-with-qatar.en.mfa](http://www.mfa.gov.tr/turkey_s-commercial-and-economic-relations-with-qatar.en.mfa)

<sup>118</sup> Mogielnicki R., The New Economics of Qatar-Turkey Relations. Middle East Institute. August 2018.

### Turkey-Qatar Economic and Trade Relations



*Figure 3.1 - Turkey-Qatar Economic and Trade Relations*

*Source: Based on TurkStat*

After the closure of the air and the border roads, Iran has substituted the boycotting Gulf states and became one of the leading food suppliers. In August 2017, Qatar fully reestablished comprehensive diplomatic engagement with Iran. Indeed, the ongoing tension was an excellent opportunity for Iran to offer its resources to Qatar, and as a result, it became a reliable ally. Precisely after the emergence of strains, Iran assigned the shiploads full of food and medicines for Qatar and opened its airspace in order to help Qatar to ease the air connectivity with the rest of the world. For Qatar, it was a significant opportunity after the imposed isolation from its own Arab neighbors.<sup>119</sup> The bilateral trade relations have significantly grown to \$270.000 million and respectively in 2018, the final figure reached to \$320 million. Besides the trade support, Iran has rejected the imposed measures from the boycotting states. The president of Iran strongly condemned the violation of Qatar's rights

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<sup>119</sup> Prasanta Kumar Pradhan (2018) Qatar Crisis and the Deepening Regional Faultlines, Strategic Analysis, 42:4, 437-442 P. 439

as a state and addressed to Emir of Qatar, that a “siege”, which was created towards Qatar “is not acceptable for us” (Iran) and “Iran's air space, ground and sea will always be open to Qatar as a ... friendly nation”.<sup>120</sup> As a result, Qatar and Iran signed a new agreement which appeared the beginning of new diplomatic relations. The deal itself enabled cooperative patrolling of the sea, as well as “quickly examine and solve the problems of Iranian and Qatari fishermen and sailors who enter the territorial waters of another side unknowingly.”<sup>121</sup> In addition to that, Iran enabled its airspace for Qatar, which opened new opportunity window for Qatar Airways.<sup>122</sup> Indeed, this was an illustration of active bilateral cooperation, which also implied a sign of growing trust.

### Iran - Qatar trade relations

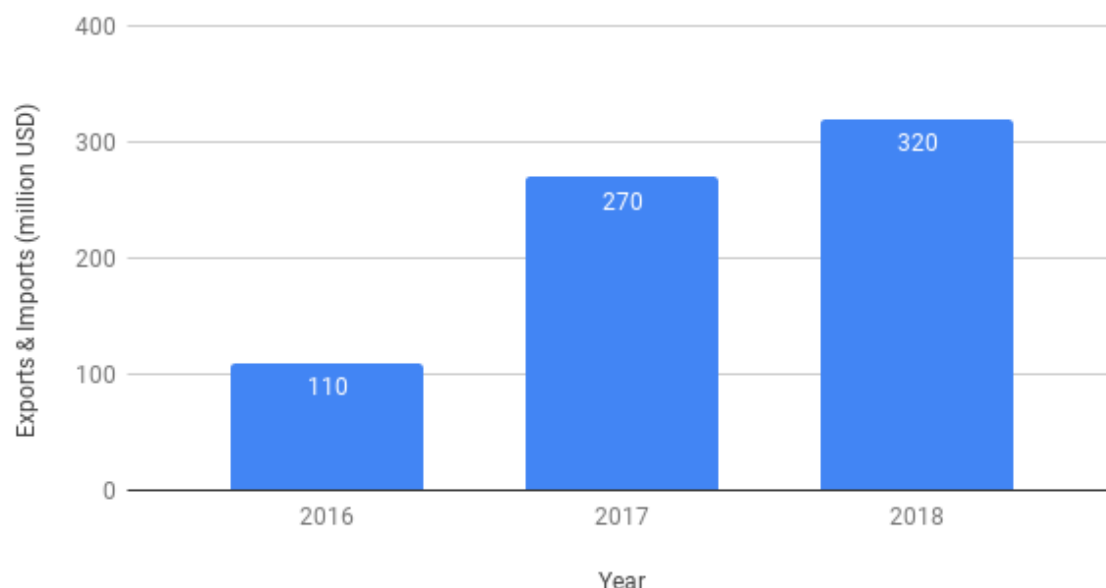


Figure 3.2 - Iran-Qatar trade relations.

Source - Based on Trade Map- International Trade Statistics

<sup>120</sup> Iran: Hassan Rouhani condemns 'siege of Qatar'. Al-Jazeera. 25 June 2017

<https://www.aljazeera.com/news/2017/06/iran-hassan-rouhani-condemns-siege-qatar-170625174347048.html>

<sup>121</sup> Iran, Qatar Agree to Increase Sea Patrols in Persian Gulf. Farnews. Apr. 2018

<http://en.farsnews.com/newstext.aspx?nn=13970123000379>

<sup>122</sup> Effects-Gulf-Crisis-Regional-Balances. Policy Brief. Al-Jazeera. September 2017

A significant trade development has arisen between Qatar and Oman, which has emerged as a key partner of Qatar during the GCC crisis. Strong diplomatic ties between these two nations led to investments and bilateral trade upsurge. According to government official data, the merchandise amount has increased to 30% from July 2017. In addition to that, Qatari logistics company, which was based before in Dubai, was transferred to Oman's Sohar port. The transformation has prepared the background to the new flow of external exchange in the state. According to the Qatari government report, Oman was Qatar's top non-oil export importer in 2018, which accounts for \$784.7 million - 35.8% of the exports exchange in total.<sup>123</sup> Furthermore, during July and August 2017, the number of flights between Qatar and Oman have been enhanced. Considering the claim from passengers, Qatar Airways added a new flight destination to Sohar and the weekly amount of flights compiled to 59 cases.<sup>124</sup>

In total, over 500 companies are operating in both states, among which 361 are based in Qatar. In addition to that, Oman is actively involved in promotion processes of "Made in Qatar" brand and Oman was the first state, which organised the exhibition and hosted for Qatari products. Oman is 18<sup>th</sup> largest trade partner of Qatar, and their bilateral investments have established a significant growth in agriculture, communications, tourism, livestock and education.<sup>125</sup>

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<sup>123</sup> 'Further growth' expected in Qatar-Oman bilateral trade. *Gulf Times*. June 2018

<https://www.gulf-times.com/story/596166/Further-growth-expected-in-Qatar-Oman-bilateral-tr>

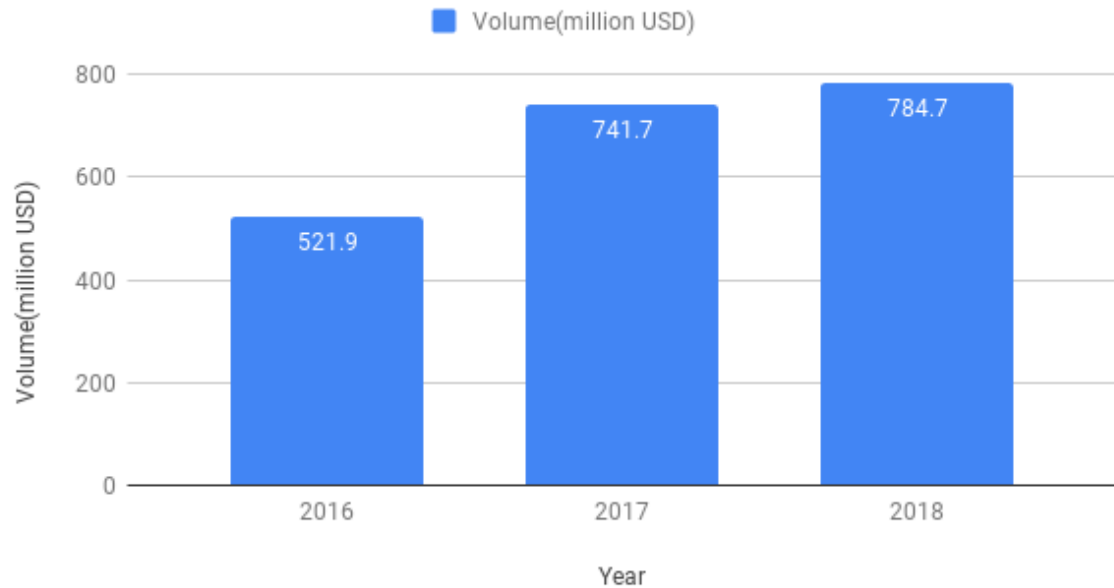
<sup>124</sup> What is Oman's stance on the Qatar-Gulf crisis? Al -Jazeera. December 2017

<https://www.aljazeera.com/news/2017/11/oman-stance-qatar-gulf-crisis-171125061013462.html>

<sup>125</sup> Oman, Qatar relations Strengthened by Blockade. Al-Bawaba. December 2018

<https://www.albawaba.com/business/oman-qatar-relations-strengthened-blockade-1221544>

### Qatar-Oman Bilateral trade



*Figure 3.3 - Qatar-Oman Bilateral Trade*

*Based on: Mubasher*

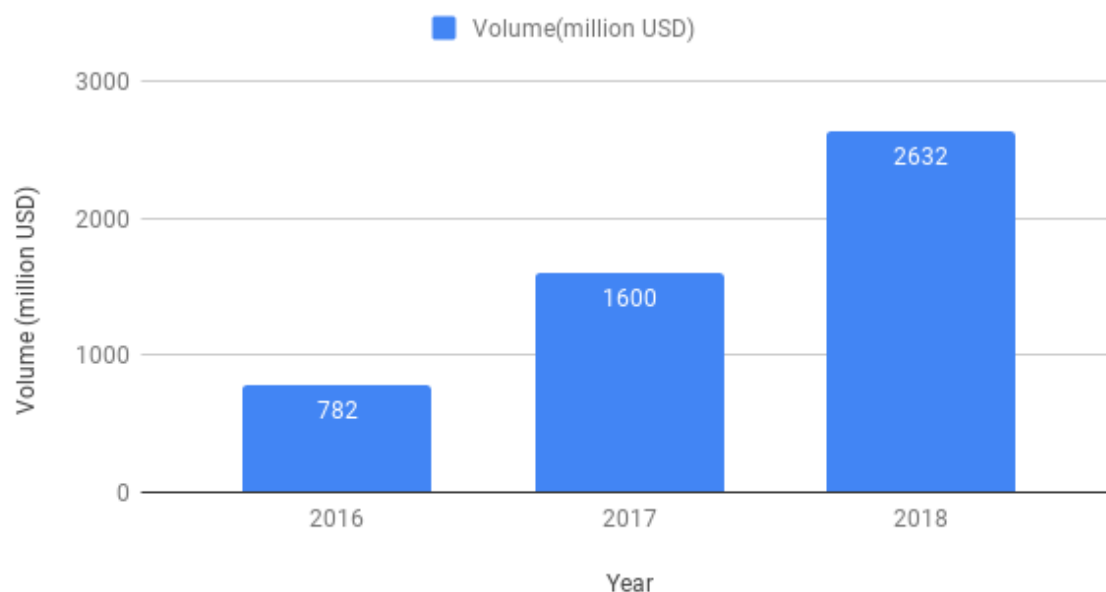
In September 2017, Qatar introduced US\$7.4 billion worth seaport in order to create the regional transport hub, aimed at protecting its economy against the blockade. Qatar enlarged its shipping and trading routes not only with Turkey but with India and Pakistan as well, which caused the increase of its LNG (liquefied natural gas) output by 30%. <sup>126</sup> According to Qatar Chamber officials, in total, the food exports from Pakistan, have seen a 70% increase during the post-sanctions period (In 2017). To express it in numbers, from 2016, the trade volume had increased from \$782 million to \$1.6 billion in 2017 and by 64.49 % (\$2.632 billion) in 2018. (See Figure 3.4) According to Qatari foreign minister's official statement, "Qatar and Pakistan enjoy good economic and trade relations, which are growing fast owing

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<sup>126</sup> McKenzie B., December 2017 Overview I Qatar Diplomatic Crisis - Where are we now? December 2017. P. 2

to the close relationship of the leadership and peoples of both countries... the door is open for Pakistan companies to cooperate with Qatari firms and establish joint ventures in all fields.”<sup>127</sup>

### Pakistan export volume in Qatar



*Figure 3.4 - Pakistan export volume in Qatar*

*Source: Based on Gulf Times*

It is utmost to emphasise that Pakistan has become one of the most significant food importers in Qatar. The main products which are shipped from Pakistan include vegetables, meat, fruits and dairy products.<sup>128</sup>

As mentioned above, India has increased its' stand with Qatar as well, and the records of

<sup>127</sup> Pakistan food exports to Qatar up 70% since the blockade. Gulf Times. October 2018.

<https://www.gulf-times.com/story/608580/Pakistan-food-exports-to-Qatar-up-70-since-blockad>

<sup>128</sup> Pakistan's exports to Qatar up by 53%. *The Peninsula*. February 2018.

<https://www.thepeninsulaqatar.com/article/13/02/2018/Pakistan%E2%80%99s-exports-to-Qatar-up-by-53>

exports to Qatar from India have significantly increased. Compared to the exports volume in 2016, the amount has enlarged with 87% from August 2017(1\$1.5 billion in total). The main areas of exports to Qatar from India are “food products, iron and steel, aluminium, and transport machines and cars from Suzuki and Tata Motors”.<sup>129</sup> The increase has remained in 2018, which amounted almost \$3 billion. (Figure 3.5) Considerably, India has become the third largest trade partner of Qatar and the trade relations between these two nations have seen significant growth, especially after the 2017 crisis. As a consequence, 24 Indian companies are operating in Qatar and more than 6.000 bilateral ventures.<sup>130</sup>

India export volume in Qatar

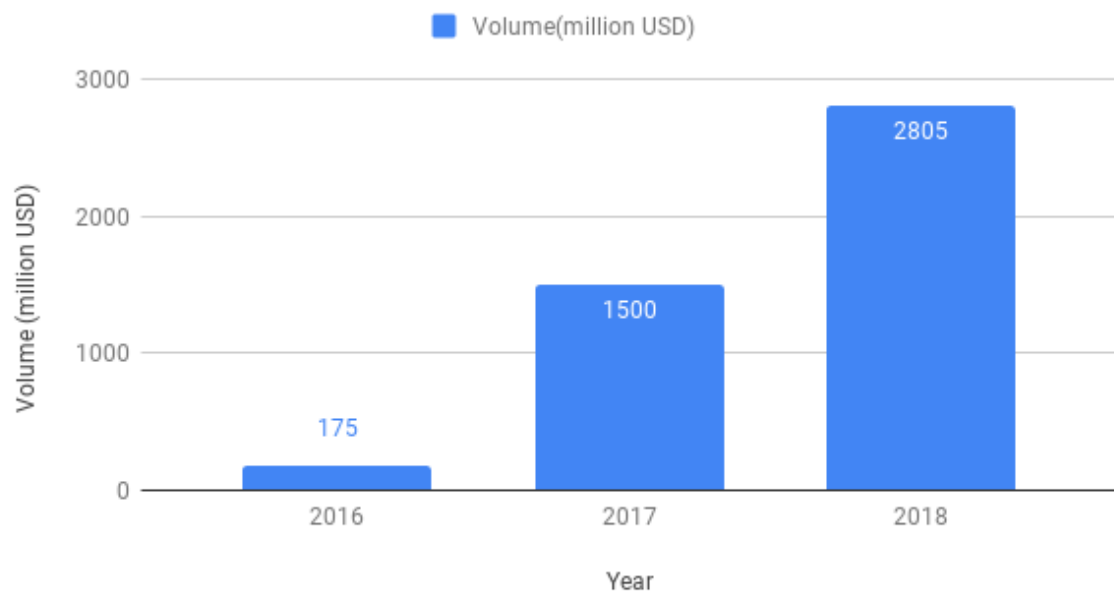


Figure 3.5 - India export volume in Qatar

Chart - Based on Qatar's daily newspaper: The Peninsula

<sup>129</sup> India's exports to Qatar jump 87% in 2018. Gulf Times. September 2018.

<https://www.gulf-times.com/story/607394/India-s-exports-to-Qatar-jump-87-in-2018>

<sup>130</sup> Qatar and India: A long and friendly association

<https://www.iloveqatar.net/news/general/qatar-and-india-a-long-and-friendly-association>



As a result of diversification new trade routes, 11 months after the crisis invoked, the Mexican government started the shipments to Doha. Mexico has a crucial contribution in increasing the bilateral trade cooperation, and as a result, the new halal beef market was opened in Qatar in December 2017.<sup>131</sup>

During the second half of 2017, Qatar increased its amount of total trade with Asian Market-South Korea, Japan and China as well. According to the statistics of Oxford Business Group, from September 2017, the amount of import-export exchange with China has increased from 61% to 69.5 %. Consequently, China represents Qatar's third-largest business partner, which sums 11.6% of the total trade.<sup>132</sup>

Qatar and Japan share outstanding economic relations and witness a remarkable increase in overall trade cooperation. Specifically, the number of imports from Japan complied \$2.14 billion according to Trading Economics statistics.<sup>133</sup> The number of bilateral trade cooperation has stood significantly after the crisis and reached to \$13.1 billion and subsequently, \$16 billion in 2018, which in overall equals to 23% growth.<sup>134</sup> (Figure 3.6)

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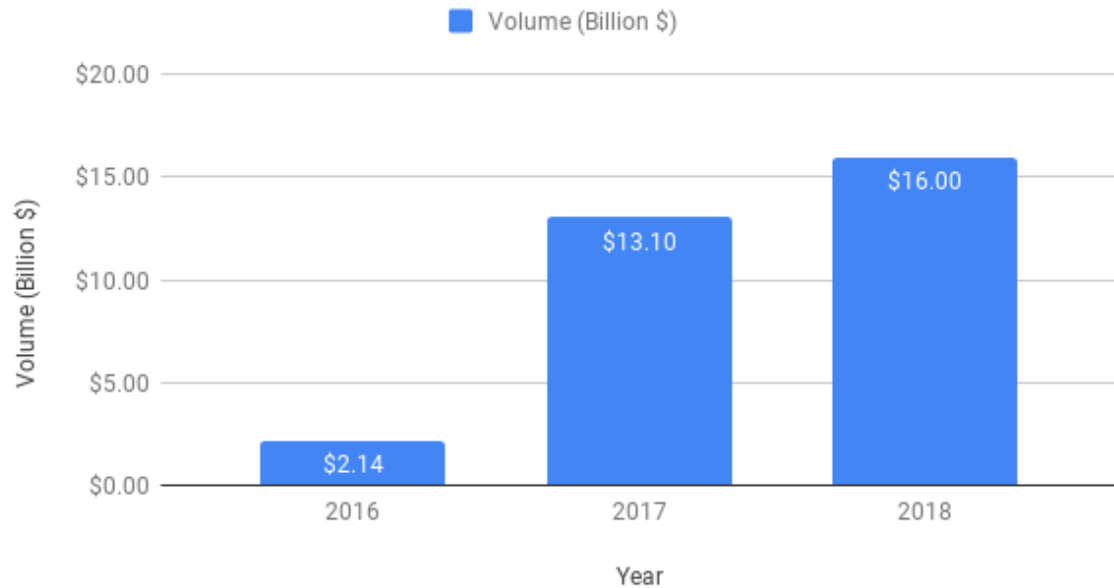
<sup>131</sup> Calfiero G., A Growing Partnership: Gulf Crisis Fosters Qatar-Mexico Ties. Middle East Institute. January. 2019

<sup>132</sup> Qatar Looks To Revitalize Trade Amid Embargo. Oxford Business Group. November 2018.  
<https://oilprice.com/Geopolitics/Middle-East/Qatar-Looks-To-Revitalize-Trade-Amid-Embargo.html>

<sup>133</sup> Qatar Imports from Japan. Trading Economics.  
<https://tradingeconomics.com/qatar/imports/japan>

<sup>134</sup> Qatar-Japan trade up 23% to reach \$16 bn in 2018. Gulf Times. January 2019.  
<https://www.gulf-times.com/story/620761/Qatar-Japan-trade-up-23-to-reach-16bn-in-2018-says>

### Qatar-Japan overall trade volume



*Figure 3.6 - Qatar-Japan overall trade volume*

*Source - Based on Trading Economics; Gulf Times*

Furthermore, in order to provoke the interests of investors, from September 2017, Qatar introduced a series of incentives and exemptions for foreign companies/private investors. A visa-free regime for the nationalities of 80 countries and government liberated new investors from paying monthly rental fees for one year.<sup>135</sup> As a result, Qatar became “the first GCC country to create a permanent resident status for expatriate workers who have “given service to Qatar” or possess “skills that can benefit the country.”<sup>136</sup> The government of Qatar enforced a “draft law”, which privileges foreigners to own the whole businesses in the framework of economic sectors. In addition to that, with the support of the government, the investors were allowed to own 49% of the companies, which were determined by the government.<sup>137</sup>

<sup>135</sup> McKenzie B. “December 2017 Overview I Qatar Diplomatic Crisis - Where are we now?”

<sup>136</sup> IBID. Paragraph 8.

<sup>137</sup> Qatar to Allow 100% Foreign Ownership of Firms in All Sectors. *Boomberg*. May 2018.

Visa-free regime prepared the grounds for developing the tourism sector as well. Nationals of the European Union, India, South Africa, Lebanon and the United States can enter Qatar only with a valid passport. They will be able to stay within the state for 180 days. Additionally, it is also important to emphasise that Qatar on its' side does not limit its citizens and the residence holders to travel to the boycotting states.<sup>138</sup>

As an indicator of Qatar's adherence to economic sanctions, according to Qatar's government data, the states' import-export activities within the rest of the world have remained to operate regularly. According to September 2017 data, The Hamad port and Hamad International Airport continued to fulfil on the planned operations. Additionally, the exports to Japan, Korea, India and China, which sums up approximately "three-quarters of Qatar's exports", continue to be stable. The exports within the states mentioned above imply the exporting of the oil, LNG and petrochemicals.<sup>139</sup> In September 2017, according to the official statements of the government of Qatar, the state "remains the world's largest exporter of LNG and has not missed or delayed a single shipment, according to the Qatari government."<sup>140</sup>

To conclude, the post-crisis period has become more beneficial and prosperous for Qatar and is characterised by an economically diverse period. In fact, Qatar opened and developed its trade market with various states and enjoys diverse diplomatic ties with the states all around the world. Trade expands unquestionably led Qatar to its distinguished economic independence. The result of comparing Qatar's flows of foreign investments between the period of 2016-2018, Qatar's Planning and Statistics Authority, shows that Qatar successfully managed to engage the foreign investments in the state and started to increase the external engagement. (Figure 3.7)

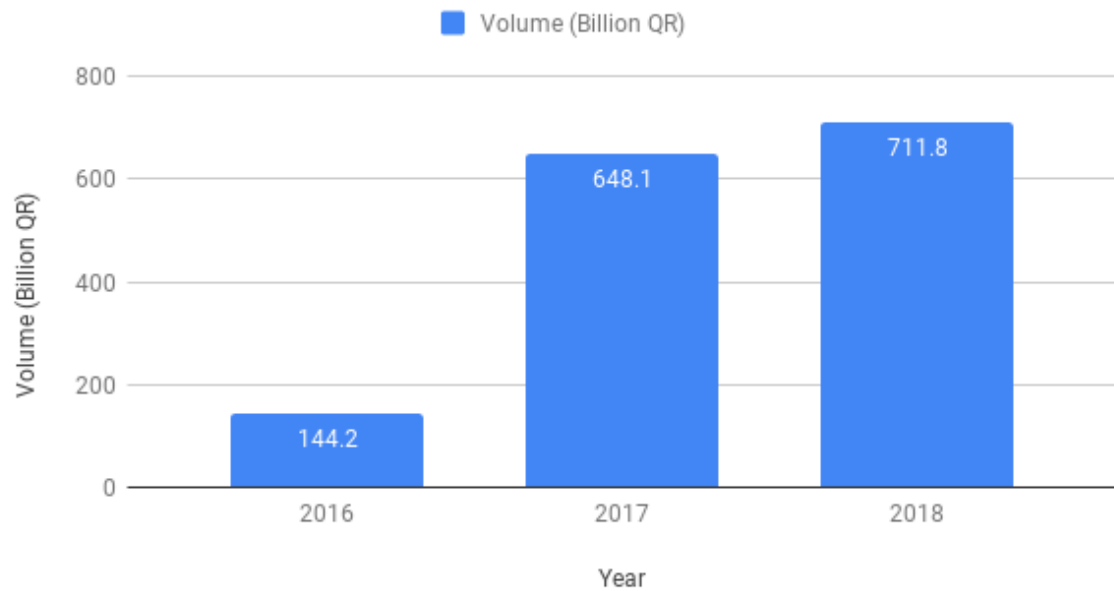
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<sup>138</sup> Qatar waives visas for 80 nationalities amid Gulf boycott. Reuters. August 2017.  
<https://www.reuters.com/article/us-gulf-qatar-visas-idUSKBN1AP1MM>

<sup>139</sup> Neubauer S. "How Qatar Seeks to Establish New Trade Routes". The Washington Institute. September 2017. Paragraph 2.

<sup>140</sup> IBID Paragraph 3

## Assets and Flows of Foreign Investment

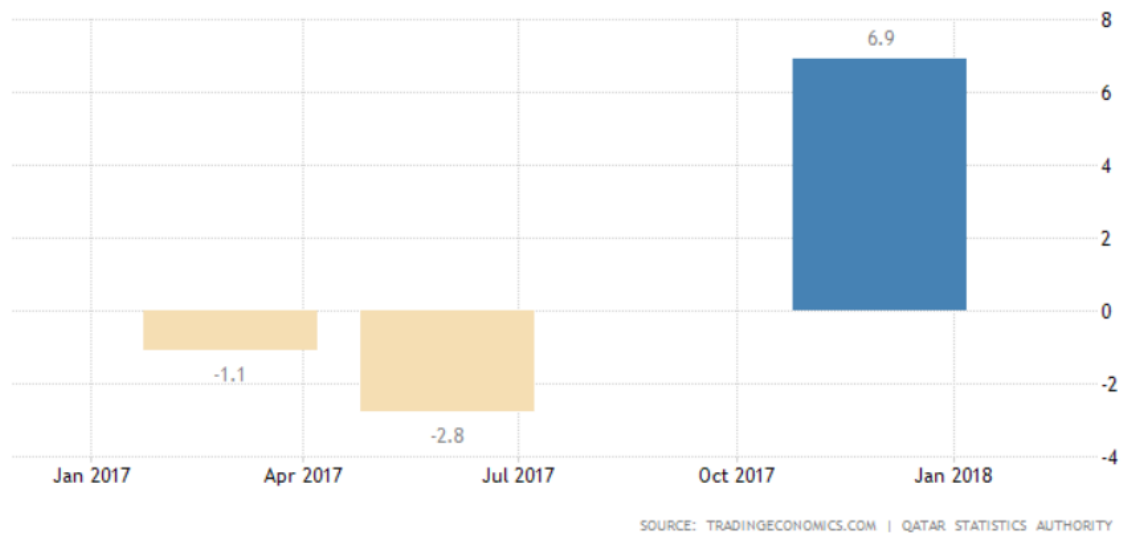


*Figure 3.7- Assets and Flows of Foreign Investment (Quarter 4)*

*Source- based on Qatar's Planning and Statistics Authority*

### 3.2. Import Substitution

During the first day of the crisis, the shock comprised the entire state, and the citizens started to buy the food with the fear of shortage. In order to maintain the products in the shops and compensate for the lack of products in the shops, Qatar started to create its resources and managed to increase its Manufacturing Production by 6.90% by December 2017. Notably, the manufacturing rate constituted 1% before April 2017 and significantly decreased by 2.80% during June-July 2017. However, after the crisis, from October 2017, the manufacturing figure attained the maximum index. (Figure 3.8)



*Figure 3.8: Qatar's Manufacturing rate.*

*Source- TradingEconomics.com - Qatar Statistics Authority*

The crisis especially challenged the distribution of dairy products in Qatar. Therefore, more than 4.000 cattle were bought from Budapest by Qatar Airways special cargo plane.<sup>141</sup> Between 2017 and 2018, Qatar increased its production of Qatari farms by 300%. Several initiatives were followed by the crisis after June 2017:

The number of farms drastically increased to 1400 units after the blockade and the majority were located in the Northern region of Qatar. Additionally, 80 factories were created to stock up the local market. As experts explain, “a number of local industries have flourished after the blockade in fields including food, medicine, plastic, asphalt, metal works, paper, furniture, packaging, petrochemicals, and recycling, besides other industries.”<sup>142</sup> Furthermore, The Ministry of Municipality and Environment (MME) signed the agreement

<sup>141</sup> Qatar Crisis: How the Gulf nation is responding to blockade by bigger neighbours. The straits Times. Jul, 2017  
<https://www.straitstimes.com/world/middle-east/qatar-crisis-how-the-gulf-nation-is-responding-to-blockade-by-bigger-neighbours>

<sup>142</sup> QR26bn invested in industries and farming after blockade. Gulf Times. June 2018  
<https://www.gulf-times.com/story/595868/QR26bn-invested-in-industries-and-farming-after-bl>

of creating new “3,478 cool and regular greenhouses in 1,197 local farms “in Qatar. <sup>143</sup> Ministry of Municipality and Environment (MME) initiated to enlarge the cultivated land for the regional farms, which will subsequently lead to a better productivity level and allow them to meet the demands of the local market. <sup>144</sup> Moreover, some of the local companies played an important role in assisting in selling and advertising the products produced by the local farmers. <sup>145</sup> This was an important step taken for promoting and increasing the awareness of Qatari people to buy their productions.

Qatar’s agriculture became the national pride of Qatari people, and to promote local merchandise within inside and outside markets, Qatar Chamber started to organise “Made in Qatar” exhibition, which would allow domestic producers to represent their commodities. <sup>146</sup>

Due to ease the import and export traffic, Qatar opened two new economic zones- The Um Al Houl, which was constructed at Hamad Port, and the free zone of Ras Bunfontas, located besides Hamad International Airport. In addition to that, Qatar implemented new regulations on the imports of specific kind of goods (“vehicles, automotive equipment, machinery, infrastructure and construction materials, electric appliances and jewellery”). <sup>147</sup>

According to the Global Security Index 2017, Qatar ranked third place among the Gulf Cooperation Council (GCC) states for “food security, availability, affordability, quality and safety”, and took fourth place in the Middle East and North Africa (MENA). <sup>148</sup> In addition to that, in August 2017, The International Monetary Fund (IMF) staff members, visited Qatar in order to analyse the impact of sanctions on the economy of the state. According to the final

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<sup>143</sup> Qatar- MME signs deals to set up 3,478 greenhouses. *MENAFN* March 2019.

<https://menafn.com/1098295924/Qatar-MME-signs-deals-to-set-up-3478-greenhouses?src=Rss>

<sup>144</sup> Qatar beyond the blockade: Farm production rises over 100%. *Qatar Living*. June. 2018

<https://www.qatarliving.com/forum/news/posts/qatar-beyond-blockade-farm-production-rises-over-100>

<sup>145</sup> IBID

<sup>146</sup> Made in Qatar 2017. Doha Exhibition and Convention Center. December, 2017

[http://www.decc.qa/decc\\_events/made-in-qatar-2017/](http://www.decc.qa/decc_events/made-in-qatar-2017/)

<sup>147</sup> Qatar Looks to Revitalize Trade Amid Embargo. Oxford Business Group. November, 2018.

<https://oilprice.com/Geopolitics/Middle-East/Qatar-Looks-To-Revitalize-Trade-Amid-Embargo.html>

<sup>148</sup> Baabood A., Qatar’s Resilience Strategy and Implications for State–Society Relations. *Instituto Affari Internazionali*. December 2017.

report, The Qatari economy and financial markets continue to adjust to the effects of the diplomatic rift and the Fiscal consolidation is proceeding, underpinned by current expenditure cuts and an increase in non-oil revenues.”<sup>149</sup>

Furthermore, after the onset of the blockade, Qatar has brought into force 15-year supply association agreements with the companies from Vietnam and Bangladesh and released the purchase of the hydrocarbon blocks from Oman, South Africa, Mexico and Argentina.<sup>150</sup>

### 3.3. Reaching out the World

After the closure of airspace with the boycotting states, Qatar’s own airlines- Qatar Airways added 24 new destinations, which imply: “Adelaide, Australia; Atlanta, United States; Auckland, New Zealand; Helsinki, Finland (thereby achieving our goal of serving all of continental Europe’s Nordic Capitals); Krabi, Thailand; Marrakech, Morocco; Pisa, Italy; Mahé, Seychelles; Windhoek, Namibia; and Yerevan, Armenia”. Every day the airlines flies to 160 destinations of the world, and in order to discover new routes, the airlines started to offer a larger aircraft, which carries 225 passengers.<sup>151</sup> Consequently, Qatar Airlines was nominated as the best airlines in 2017, which equals 20% more passengers after establishing new routes.<sup>152</sup> Furthermore, Qatar Airways actively started to develop its stand in different states and established an investment strategy, which implies buying new stakes of different airlines. In order to burden the routes to the Chinese market, Qatar Airways became a 5%

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<sup>149</sup> IMF Team Completes a Staff Visit to Qatar. International Monetary Fund. August 2017  
<https://www.imf.org/en/News/Articles/2017/08/30/pr17334-imf-team-completes-a-staff-visit-to-qatar>

<sup>150</sup> Qatar - Market Overview. Export.gov. March 2018.  
<https://www.export.gov/article?id=Qatar-Market-Overview>

<sup>151</sup> The ‘aeropolitics’ of the Qatar blockade present new challenges. *Middle East Monitor*. March, 2019  
<https://www.middleeastmonitor.com/20190325-the-aeropolitics-of-the-qatar-blockade-present-new-challenges/>

<sup>152</sup> Qatar airways annual report- 2016-2017, FISCAL 2017  
[https://www.qatarairways.com/content/dam/documents/annual-reports/2017\\_Annual\\_Report\\_ENGLISH-WEB.pdf](https://www.qatarairways.com/content/dam/documents/annual-reports/2017_Annual_Report_ENGLISH-WEB.pdf)

shareholder of one of the Chinese airlines- China Southern Airlines.<sup>153</sup> Moreover, in September 2017, Qatar Airways made investments for Meridiana airways (later transferred as Air Italy) with 49 % of the stake.<sup>154</sup>

In addition to air developments, Qatar has also started to transit new shipping routes: Two new shipping routes to India, two new shipping routes to Oman and one route to Turkey.<sup>155</sup> After the GCC crisis, Doha actively enforced new regulations in order to make itself a worthwhile partner for the states worldwide. There are two primary purposes: To enable itself to conduct the independent foreign policy and Doha's active diplomacy with nations around the world intends to increase the strong encouragement towards Qatar in the existing rift. Even though Qatar enjoyed its warm relations with the world, this was limited into GCC union. The crisis gave Qatar a significant opportunity to establish independent diplomatic relations, not as a part of GCC states.

It is important to emphasise that Qatari-Turkish relations were not limited to the trade exchange only. Qatar was an important ally of Turkey in the Middle East, and that is precisely why the Turkish parliament proclaimed its support for Qatar. Consequently, during the first days of the crisis, Turkey established its military base and Turkish soldiers were placed in Tariq bin Ziyad military base, which is located in the southern part of Doha. On top of that, in the first of August 2017, 250 Turkish soldiers participated in the first joint exercise between Turkey and Qatar.<sup>156</sup>

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<sup>153</sup> China calls for harmony as it welcomes Qatar emir amid Gulf dispute. Reuters. January 2019  
<https://www.reuters.com/article/us-china-qatar/china-calls-for-harmony-as-it-welcomes-qatar-emir-amid-gulf-dispute-idUSKCN1PP1EV>

<sup>154</sup> The 'aeropolitics' of the Qatar blockade present new challenges. *Middle East Monitor*. March, 2019  
<https://www.middleeastmonitor.com/20190325-the-aeropolitics-of-the-qatar-blockade-present-new-challenges/>

<sup>155</sup> Qatar Crisis: How the Gulf nation is responding to blockade by bigger neighbours. The Straits Times. July, 2017  
<https://www.straitstimes.com/world/middle-east/qatar-crisis-how-the-gulf-nation-is-responding-to-blockade-by-bigger-neighbours>

<sup>156</sup> Aras B. Yorulmazlar. E., Turkey, Iran and the Gulf Crisis. HSF Policy Brief. March 2018.



Qatar has made a remarkable improvement in cooperation with the EU. As the head of EU delegation in the Gulf states explained, “Qatar plays a lead role and is the only Gulf country in the European Economic Network, which established business-to-business partnerships with the private sector”.<sup>157</sup> As a consequence, in 2018, Qatar and the EU signed a cooperation agreement, which implies the enhanced cooperation on private sectors, in research and innovation.<sup>158</sup> Within the EU states, the UK is the major trading partner for Qatar. (More precisely in the following paragraph) Qatar-UK partnership is followed by “Italy, with QR1.3bn and the Netherlands QR1bn.”<sup>159</sup> The import and export products between Qatar and EU include: “LNG, polyethylene, halogenated olefins, helium, aluminium alloys and urea, vehicles, parts of airplanes or helicopters, medical solutions, parts for turbo jets or turbo propellers, jewellery of platinum and iron ores.”<sup>160</sup>

More precisely, Qatar-British relations started to expand actively from 2017. In the framework of their military cooperation, two states allocated £6 billion in order to supply with sufficient military equipment. Additionally, the UK will have a right to practice in Qatar’s military base near Doha and Qatar itself will be able to send cadets for training programs at Sandhurst.<sup>161</sup>

After the imposition of the sanctions, On September 2017, Major General of Qatar Saad Bi Jassim Al Khulaifi and the Minister of China of Public Security- Guo Shengktun conducted the meeting at the summit of Interpol in Beijing. This meeting led the growing security relationship of two states, and consequently, the ministers signed an agreement that established the bilateral efforts in counterterrorism. There are three main factors why China considered extension the trade ties after 2017 sanctions with Doha:

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<sup>157</sup> Qatar, EU look to enhance trade ties. Gulf Times. May 2018.

<https://www.gulf-times.com/story/591885/Qatar-EU-look-to-enhance-trade-ties>

<sup>158</sup> EU and Qatar sign a Cooperation Arrangement. EEAS. March 2018

[https://eeas.europa.eu/headquarters/headquarters-homepage\\_en/40967/EU%20and%20Qatar%20sign%20a%20Cooperation%20Arrangement](https://eeas.europa.eu/headquarters/headquarters-homepage_en/40967/EU%20and%20Qatar%20sign%20a%20Cooperation%20Arrangement)

<sup>159</sup> Qatar, EU look to enhance trade ties. Gulf Times. May 2018.

<https://www.gulf-times.com/story/591885/Qatar-EU-look-to-enhance-trade-ties>

<sup>160</sup> IBID. Paragraph 4

<sup>161</sup> Robinson T. “UK relations with Qatar” May 2018

1. China considers Qatar as a target for military equipment exports.
2. China actively expresses its' support in the security sphere, and for China, Qatar can be considered as a beneficial partner in the Arab world.
3. Security partnership with Qatar will help China to present itself as a mediator in the GCC crisis.<sup>162</sup>

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<sup>162</sup> China's Growing Security Relationship with Qatar. *The Diplomat*. November 2017.  
<https://thediplomat.com/2017/11/chinas-growing-security-relationship-with-qatar/>

## 4. Conclusion

The thesis investigated the effects of sanctions on Qatar during the GCC crisis. In order to study the case of Qatar, first, I have reviewed the sanctions literature and identified whether the sanctions are a successful tool of coercive diplomacy. Furthermore, based on the literature, the thesis analysed the main effects on sanctions in the case of Qatar. To do that, first, I summarised the imposed measures on Qatar and described what kind of impact the sanctions brought to Qatar. Secondly, I identified what kind of countermeasures were taken from the Qatari side. Finally, in order to scrutinise the effect, three leading indicators were provided, which helped me to identify whether there was any impact and how Qatar adjusted to the effects of the economic and diplomatic rift.

The finding of the thesis was that during the imposed flow of sanctions by the GCC states (Saudi Arabia, United Arab Emirates, Bahrain and Egypt) Qatar managed to withstand the blockade and created an enforced a significant diplomatic and economic developments. The study investigates the undertaken key measures from the Qatari government. The government of Qatar has shown a substantial commitment to providing self-sufficiency of food sources as well as its prioritised focus on the new initiatives. To do that, Qatar established a series of strategies to increase agricultural production as well as expand the state's food supplies. In order to estimate the effects of sanctions in advance, I have identified three leading indicators- diversification of trade, import substitution, and reaching out to the world. These indicators helped to understand the following: From June 2017, Qatar actively started to improve its diplomatic relations and diversified the trade relations with different states. In the list of partner states, Turkey and Iran have played the most significant role in terms of the food supply developments. In addition to that, Qatar managed to successfully provide and satisfy the demand of its internal market by creating and developing the local resources.

Consequently, the crisis helped Turkish-Qatari and Iran-Qatari relations to transfer into a different level of the corporations. Turkey has become a remarkable security guarantee for Qatar and developed its military base in Qatari territory. Respectively, Iran substituted the

boycotting Gulf states in advance in terms of the food supplies and the trade exchange. In addition to that, with the help of Iran, Qatar discovered new air and shipping routes, which led Qatar Airways to bypass the air embargo imposed by the boycotting states. Qatar developed trade relations with Oman, Pakistan, India, Japan, South Korea and China, respectively. Qatar's Planning and Statistics Authority shows that between 2016, 2017 and 2018 foreign investments have significantly increased and the interest towards Qatar have become traceable.

Furthermore, the crisis has challenged Qatar's ability to provide with the food supplies because of the high dependence on the food imports from the neighbouring state- Saudi Arabia. However, Qatar actively started to create its resources and managed to increase the Manufacturing Production rate by December 2017. Considering the fact, that the crisis has notably challenged the distribution of the dairy products in Qatar, the production of Qatari farms and promotion of the national food production have significantly increased. In addition to that, the national factor has become very important for every Qatari citizen, and with a significant contribution of the citizens and small manufacturers, Qatar managed to sell and advertise its own products in the foreign markets as well. In September 2017, the creation of two economic zones- The Um Al Houl and Ras Bunfontas, led Qatar to become a significant export player not only with the rest Arab States but with the different regions all around the world.

The third indicator- Reaching out the world, helped me to identify the developments of Qatar Airways as well as determine Qatar's new diplomatic relations with the world. As mentioned before, after the closure of the land and air borders with the embargo states, Qatar Airways aggrieved the direct impact. However, the state started to search for the new routes, and as a result, 24 new destinations were added to the airways table. In addition to that, Qatar Airways became one of the stakeholders of different airlines and established very active investment strategies. In terms of developing diplomatic relations, Qatar started to build and reinforce strategic cooperation, especially with Britain and the European Union.

The empirical part was based on the three-indicator framework, which analysed the impact of sanctions on Qatar. These indicators included: Diversification of trade, import substitution, and reaching out to the world. The indicators itself were measured by the statistics introduced by official government websites, the UN and international trade reports. The information is also firmed with the official statements and monthly reports of the government structures.

This study demonstrated that Qatar appeared to be resilient to the imposed economic sanctions. Moreover, Qatar has quickly moved to establish new sources of the imports and exports and sufficiently continues its cooperation with the different states. New commercial and diplomatic partners opened a window of new opportunities. In addition to that, Qatar has compensated the loss of its GCC trading allies by the upsurge of the new and the former trading partners.

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